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Weekend April 18/April 19 1992

De Benedetti to work on' in spite of jail sentence

By Julian Ozanne in Nairobi and Roland Roud and Raymond Snoddy in London

Carlo De Benedetti, the Italian industrial sentenced to six years and four months in jail for his role in the 1982 collapse of Banco Ambrosiano, stressed he would work and conduct business as normal, in spite of the judgment.

Mr De Benedetti and most of the 32 other defendants announced appeals. Shares in companies associated with Mr De Benedetti made an eighth of the ground lost after Thursday's judgment. Page 22; End of the Ambrosiano affair, Page 2

Peace efforts Intensive efforts were being made to arrange a political settlement of Afghanistan's civil war after the removal of President Najibullah. Page 22; Afghans near chaos, Page 3

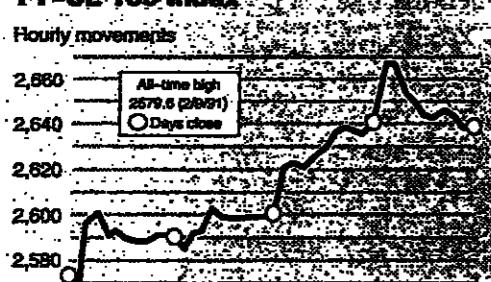
Credit Lyonnais is taking steps to sever the last connection between McCann, the Hollywood film studio, and Giancarlo Farretti, the controversial Italian financier. Page 10

Help for Smiths John Smith, favourite to win the Labour leadership contest, has brought in two rising shadow cabinet stars, Gordon Brown and Tony Blair, to help formulate his campaign manifesto. Page 22; Referendum ples, Page 4

Action likely Agents are likely to begin calling in funds lodged by Lloyd's Names in the troubled Goods Walker and Devonshire syndicates next week, following a court judgment. Page 4

UK equities The London stock market's strong run finally lost its energy on Thursday as tired traders looked towards the Easter break rather than back at the Conservatives' general election win. Early hopes that the FTSE Index of the 100 biggest stocks would breach its all-time high faded, and it closed 1.6 off at 2,638.6. London stocks, Page 13; Lex, page 22

FT-SE 100 Index



New bloc Czechoslovakia, Hungary and Poland set up a regional economic bloc to present a common front to the European Community and the outside world. Page 2

Worcester Group Angry shareholders and the central heating boiler maker had accepted an offer of 225p a share from Robert Bosch, the German group, which undervalued the company. Page 8; Lex, Page 22

Housing boost A jump in US housing starts to their highest level for two years raised hopes for a slow economic recovery. Page 2

EIE International, the cash-strapped Japanese property group, is to sell its Hong Kong-listed property arm to Cheung Kong, the property development company owned by Mr Li Ka-shing, the colony's richest man. Page 10

IMF supports Russia's economic reform programme remains intact and the planned financial support for it from the International Monetary Fund should be agreed in May, according to Nicholas Brady, US treasury secretary. Page 2

Strike vote British Coal faces disruption at its Yorkshire operations after miners in the region voted to stage selective strikes over work being contracted out to private companies. Page 3

Eagle Star, the insurance subsidiary of BAT Industries, has sold its Australian Eagle Insurance subsidiary for about £130m in a move which will boost a capital base battered by losses. Page 8

Treaty stakes Russia alone will ratify the Strategic Arms Reduction Treaty with the US in spite of demands from other former Soviet states to be co-signatories, according to Andrei Kozyrev, the Russian foreign minister. Page 2

Waverley Fund Management, the private client arm of unit trust managers Waverley Asset Management, has been suspended by regulators after a director, Kenneth Renton, was charged with obtaining £1.55m by deception. Page 4

Financial Times The FT will not be published on Easter Monday, April 20. It will next be published on Tuesday, April 21.

The Markets

IN STERLING	
MARKET INDEXES	
FT-SE 100	-3,385.0 (-1.6)
Yield	4.61
FT-SE Eurotrack 100	1,162.83 (+2.77)
FT-A All Share	1,261.47 (+1.76%)
FT-W World Index	2,020.02 (+0.25%)
Indices	17,362.83 (-379.07)
New York	
Dow Jones Ind Ave	3,385.0 (+12.74)
S&P Composite	416.04 (+0.25%)
IN US DOLLARS	
Federal Funds	3.0% (0.5%)
3-Mo Tres Bill	3.725% (3.584%)
Long Bond	10.05% (10.1%)
Yield	7.025% (7.025%)
IN LONDON MONEY	
3-Mo Interbank	-10.15% (10.15%)
Long gilt yield	10.85% (10.85%)
IN MONTH SEA CHT (Averages)	
Brent 15-day June	\$18.60 (+0.375%)
Gold	\$328.00 (\$327.4)
New York Comex Apr	\$327.4 (\$326.00)
London	\$328.00 (\$327.4)

Figures for London markets, NYSE and NY gold are Thursday's.

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Austria Sch32; Bahrain Dr1,000; Bermuda \$1,000; Belgium BE100; Chile P100; Costa Rica CR100; Denmark DK1,000; Egypt E£400; Finland Fim10; France FF100; Germany DM1,000; Greece Dr100; Hong Kong HK\$16; Hungary Ft100; Iceland ISK100; India Ru100; Indonesia Rp100; Israel NIS100; Italy Lira100; Japan Yen100; Jordan JD100; Korea Wons 10,000; Kuwait Dinar 100; Luxembourg Lfr100; Malaysia Ringgit 100; Malta Mt100; Mexico Pesos 100; Morocco Dirhams 100; Norway Kr100; Pakistan Rs100; Philippines Pts 45; Poland 2000Zl; Portugal Esc100; Qatar Cr100; Singapore S\$10; Spain Pt100; Sri Lanka Ru100; Sweden Kr14,000; Switzerland Frf13,000; Taiwan NT320; Thailand Baht; Turkey Lira1,000; UAE Dh6,00; USA \$1.25.

Tiny Rowland made secret visits to Gadaffi



Tiny Rowland: journeys preceded UN sanctions
one-third stake in the group's Metropole Hotels for £17m. At the March annual general meeting

ing, Mr Rene Leclercq, Lonrho's chairman, said Mr Rowland had personally secured the Libyan deal.

According to a financer close to Lonrho, Mr Rowland has had a series of meetings recently with Col Gadaffi. The personal relationship between the two men goes back to the early 1970s when Mr Rowland was expanding Lonrho's interests into Sudan and the Middle East.

Unusual secrecy surrounded Mr Rowland's flight plans after he left Heathrow airport last weekend on board the Gulfstream IV, call sign Hotel Bravo Indigo Tango Zulu. BA's executive aircraft department at Heathrow said they had been instructed not to divulge any

Continued on Page 22
Libyans may be ready to face trial abroad, Page 3

By Peter Norman in London and Michael Prowse in Washington

THE United States will next week call on the Group of Seven leading industrial nations to carry out more growth-oriented policies in response to its growing concern about the weak state of the world economy and the slow pace of the US recovery.

Mr Nicholas Brady, US treasury secretary, warned in London that economic growth rates were below the levels needed to deal with the problems of the G7 countries, the former Soviet Union and eastern Europe and the rest of the world.

"In my judgment, the impact on the US from Japanese stock price changes to date is likely to be limited," he told the Senate banking committee in Washington.

Page 2

spared that economic data for January and February had overstated the strength of the US recovery which was proceeding at a much slower pace than in past upturns.

Mr Greenspan's comments will fuel speculation that the Fed, the US central bank, may be preparing for further cuts in short-term interest rates if the economy shows greater vitality.

Senator Donald Riegle, Senate banking committee chairman, urged the US to push the G7 to agree a co-ordinated global strategy when it meets in Washington on April 26.

He said the US should be much more aggressive in getting an

economic growth strategy to ensure that the US economy did not slide back into recession because of weaker growth elsewhere.

Mr Brady briefed Mr Lamont on Thursday after a trip to eastern Europe and Moscow to assess progress with economic reform.

G7 finance ministers and central bankers will consider the latest world economic forecasts from the International Monetary Fund, which are thought to point to low global growth of about 1.5 per cent this year but a recovery to 3.5 per cent in 1993. The US growth rate is also forecast to quicken to around 3.5 per cent next year from about 1.5 per cent in 1992.

Monetary officials from the US and European countries expect that Japan will be asked at the April 26 meeting to stimulate investment, perhaps by bringing forward some public works.

It is unclear how much more pressure the US will exert upon its other G7 allies to persuade them to revise their policies.

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Nonetheless the Lancashire-based manufacturer, which is

competing with Iveco Ford for

leadership of the UK truck market, said that the economy should benefit from a "stable period" after the general election.

Demand from other European countries, notably Germany, has

boosted Leyland DAF's truck sales.

Output is running 10 per cent higher than a year ago and is

expected to rise by a further 10 per cent in the immediate future.

Expectations about an upturn were fed by Thursday's lower-than-expected rise in unemployment. They have also bolstered trading on the London stock market in five trading days since the general election. The FTSE 100 index of trading shares has put on more than 200 points. The rally ran out of steam on Thursday when the index closed 1.6 off at 2,688.

Leyland DAF's recruitment drive coincides with the release of statistics showing total UK commercial vehicle output up more than 40 per cent last month compared with March 1991.

This move by one of the UK's two biggest truck makers will add to hopes that the UK economy may be poised for an upturn after a recession that started in the second half of 1990.

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NEWS: INTERNATIONAL

Japan's stock falls 'to have limited effect'

By Michael Prowse
in Washington

MMR Alan Greenspan, US Federal Reserve chairman, sought to reassure financial markets yesterday that recent sharp falls in Japanese share prices would not have serious effects in other countries.

Testifying before the Senate banking committee in Washington, he said the Fed's unexpected decision last week to cut short-term interest rates by a quarter-point to 3.75 per cent reflected weak growth of the money supply and bank credit. It was not a response to sharp falls in Japanese share prices.

"In my judgment, the impact on the US from Japanese stock price changes to date is likely to be limited."

Mr Greenspan said Japan would continue to export capital, provided it ran a current

account surplus, regardless of share prices falls. Shifts in the composition of capital exports might cause some price adjustments in overseas markets but these need not be terribly disruptive.

Japan held only 3.3 per cent of US Treasury securities and an even smaller fraction of equities.

He said falls in Japanese share prices might lead to retrenchment by Japanese banks, but world-wide credit conditions "will not be substantially weakened by a scaling back by Japanese banks".

Japanese share price falls could have a significant negative effect on Japanese investment and hence on growth. However, "the separate contribution of the stock market decline to weaker Japanese demand for US exports is not

expected to be large."

Bush and Clinton taking aim at each other

By Jurek Martin
in Washington

PRESIDENT George Bush and Governor Bill Clinton of Arkansas are increasingly taking aim at each other, rather than their respective party challengers.

In speeches on Thursday in Pennsylvania, which holds the next primary on April 23, the president recycled an old proposal for increased student loans.

Mr Clinton, front-runner for the Democratic nomination to oppose him in November's election, countered that the Bush plan was politically cynical, since the administration had previously done its best to cut student loan programmes and was now borrowing from one of its own main education policy positions.

Mr Lamar Alexander, secretary of education, tartly observed that "if Governor Clinton thinks it's a good idea, that's terrific. But his friends in Congress don't think it's a good idea. Maybe he should talk to them."

However, the main thrust of the Democrat's speech, given

to the Wharton School of Business, was to attack the president for mismanagement of the economy and to present his own plans for the future. He gave a similar speech on foreign policy in New York two weeks ago.

Mr Clinton cited the case of Mr Michael Milken, the convicted junk bond dealer (and, incidentally, a Wharton graduate), as an example of where the economic philosophy of the

1980s had gone wrong. "We must bring an end to this something-for-nothing ethic," he said.

His blueprint, drawing together several previously stated positions, includes a new \$2bn (£1.1bn) tax credit for new investments; making permanent the existing research and development tax credit, now costing about \$1bn a year; and a new "enterprise tax cut" worth \$200m a year.

He would also establish what he called a "future budget" to increase investment in the country's social and physical infrastructure, running from schools to roads and bridges. He promised to focus on the critical issue of converting defence programmes into civilian output and to put more resources into education and training.

This would be broadly financed by cuts in military

spending, a reduction in administrative outlays, and a determined effort in future to ensure that costs stayed below the rate of inflation.

"We spend a quarter of what our competitors do on training programmes for our workers," Mr Clinton said. "Last year Germany and Japan had productivity growth rates several times ours because they educate their people better and they organise their economies

to change better than we do."

The two speeches mark the end of what had been a lull in the campaign, with Mr Clinton sidelined by an overworked voicebox and Mr Bush concentrating mostly on attacking the Democratic-controlled Congress.

The president's latest pitch is that he, not Mr Clinton, is the real architect of change, though his critics have observed that many of his recent policy proposals, including that on student loans, have been old ideas dressed up differently.

But Mr Bush has less of a hill to climb in establishing his credentials than does Mr Clinton, who needs to put the "character" questions behind him and clearly differentiate his policies from those of the president.

This extends even to what the two men eat. Yesterday, Mr Clinton, in a Philadelphia street market, held up a stick of broccoli, the president's least favourite vegetable, and said he liked it. The impact of this staggering expression of preference has yet to be recorded in the polls.

Housing starts lift US economic hopes

By Michael Prowse

AN unexpected jump in US housing starts last month to their highest level for two years yesterday raised hopes for a slow economic recovery.

Analysts were also cheered by better-than-expected trade figures for February. A surge in imports led to a deficit of only \$3.4bn (£1.9bn), much less than the \$3.7bn monthly shortfall for nearly nine years.

Other signs of economic strength included a drop in

claims for unemployment insurance in early April and a rise in an index of manufacturing activity compiled by the Federal Reserve bank of Philadelphia.

The Commerce Department said housing starts rose 6.4 per cent to a seasonally adjusted annual rate of 1.345,000. Most analysts had expected a decline, following sharp increases in previous months.

Starts are now running nearly 60 per cent above the trough reached in January last year.

The growth may falter, however, given demographic trends that have reduced demand for housing. The increase last month reflected a big and probably erratic gain in starts for apartment buildings. Starts for single-family housing, the mainstay of the residential market, fell slightly.

The decline in the trade deficit reflected a \$2.4bn rise in exports to \$37.5bn – a record in cash terms – and a \$0.2bn fall in imports to \$41.2bn. Exports in the first two months

of the year were 8.1 per cent up on the same period last year.

The strength of exports in February partly reflected a jump in aircraft sales, which move erratically on a monthly basis. Officials indicated slower demand in foreign markets might pose problems for US exporters this year.

These more encouraging reports followed lacklustre figures for retail sales and industrial production this week, highlighting the halting nature of the economic recovery.

Brussels warns on Greek economy

By Kerin Hope in Athens

THE European Commission has issued a strong warning on the problems of the deficit-plagued Greek economy, and called for new revenue-raising measures to be implemented immediately.

A confidential Commission report proposes the introduction of two economic packages to raise Dr1.000bn (£2.9bn) in extra income by the end of 1993. This would offset projected losses resulting from income tax reform and deferred interest payments on the rapidly growing public debt.

The economy ministry took the unusual step of making the report available to journalists, in what appeared to be an effort to heighten Greeks' awareness of their economic predicament.

The report said that if Greece was to participate in European monetary union, "a very substantial, vigorous and effective adjustment package is needed immediately, and must be followed by further continuous and sustained measures".

The report suggested that a Dr12bn revenue package be launched next month.

Mr Stefanos Manos, economy minister, has been considering

further spending cuts. But he faces objections from other cabinet ministers who fear the political cost of fresh austerity measures.

The government's popularity is already at low ebb because of a public sector pay freeze, imposed with inflation above 18 per cent.

Greece last year failed to meet most targets set under a medium-term economic stabilisation programme launched in return for an Ecu2.2bn (£1.54bn) loan by the EC.

The government's net borrowing requirement fell more slowly than forecast, in 1991, to 14.1 per cent of gross domestic product, compared with a tar-

get of 10.4 per cent. Also, the government was unable to service the public debt fully, because of a Dr238bn shortfall in tax revenues.

Greece has shown some reluctance in the past to follow the advice of Commission officials monitoring the economy.

Commission officials have also expressed doubts about the accuracy of Greek government departmental figures, according to economy ministry officials.

The report noted that forecasts for 1992 appeared "overly optimistic" and pointed out that net borrowing requirements had been understated last year.

NEWS IN BRIEF

French to reduce army by 25% over five years

The French army is to be cut by more than a quarter in a five-year programme of defence cuts announced by Mr Pierre Joxe, defence minister, writes Ian Davidson in Paris.

The first reductions of just under 29,000 men, are to take effect next year and are made up of 16,000 national servicemen, 8,000 professionals, and 4,750 civilians. From 1993 to 1997, the French army will be reduced from 280,000 men to 220,000, roughly equivalent to the elimination of a division a year. During the same period, the air force will be reduced from 450 combat aircraft to fewer than 400.

East European bloc set up

Czechoslovakia, Hungary and Poland yesterday set up a regional economic bloc to present a common front to the European Community and the outside world, writes Nicholas Denton in Budapest.

The Visegrad Three, the group of reformist east European countries which takes its name from the city in Hungary, established a Central European Co-operation Committee (CECC) as a forum for regular trade consultation. One of the CECC's first decisions was to press ahead with the formation of a free-trade zone covering the three countries in the second half of this year. The CECC also attacked the EC for failing to live up to last year's commitments to triangular aid – western purchases of goods in eastern Europe for delivery as aid to the former Soviet Union.

Turkish forces kill 11 militants

Turkish security forces killed 11 left-wing militants in Istanbul and 35 Kurdish rebels in the south-east in the past two days, officials said yesterday. Reuters reports from Istanbul.

Police shot dead five men and six women alleged to be members of Dev-Sol (Revolutionary Left), Turkey's deadliest urban guerrilla group, in overnight raids on several apartments and an office in Istanbul. Six other Dev-Sol members, four of them women, were captured. It was the bloodiest strike against Dev-Sol since police shot dead 12 alleged members in Istanbul and Ankara in July.

In the south-eastern province of Mardin, officials said security forces had killed 30 Kurdish Workers Party (PKK) rebels in an operation to rescue a captured soldier.

Hong Kong unveils railway plan

Plans have been unveiled for a new high-speed railway that will serve Hong Kong's new airport. Simon Holberton writes from Hong Kong. The plans include a HK\$1.5bn (£110m) indemnification by the Hong Kong government to the Mass Transit Railway Corporation (MTRC) if the airport is not completed in 1997.

The compensation, to take account of lost revenue from the railway, is part of a HK\$22.8bn financing package the MTRC announced in connection with the rail link.

Construction of the railway will start towards the end of 1993. The corporation will let 18 major civil engineering and building works contracts and up to 30 contracts may be required for electrical and mechanical works.

Taiwan announces deposit rules

Taiwan's Finance Ministry published regulations governing the issue of global depository receipts (GDRs) by Taiwanese companies yesterday, paving the way for China Steel's \$360m (£203m) international share offering to be made by July this year, writes Lusetta Mudie in Taipei.

The use of GDRs is the first by a Taiwanese company, and constitutes the next stage in the privatisation of China Steel, which is 99 per cent government-owned. Fifteen per cent of China Steel's shares will be floated.

Cash shortage closes Zaire banks

All commercial banks in Zaire will close next week because of a cash shortage, the Zaire Banking Association said yesterday. AP-DJ reports from Kinshasa.

The Banking Association said in a statement that the Central African country's 12 commercial banks needed 10 trillion zaires (about \$400m a month) from the Central Bank. For months, the banks have been closed most of the time, dealing with selected customers through the back door. However, most withdrawals are limited to the equivalent of \$10 to \$15 and the zaire currency has become almost worthless. The largest denomination bill of 100,000 zaire is worth less than \$1.

Serbs ignore pleas over Bosnian truce

By Laura Silber in Belgrade

FRESH fighting erupted in Bosnia-Herzegovina yesterday. As Serbia vowed not to cave into foreign pressure to respect the latest ceasefire in the newly independent former Yugoslav republic.

Clashes were reported in four strategic towns along Bosnia's northern frontier with Croatia, in an apparent effort by Serbs to establish a corridor linking Bosnian Krajina, the United Nations special envoy, left the Bosnian capital, saying fighting continued despite warnings from the US and the European Union.

Battles in Bosnia have left more than 100 people dead and 170,000 homeless. Most main roads have been cut, causing shortages of food and medical supplies in many towns.

played down the significance of the mounting international criticism, and said it was not an "ultimatum". Mr Radovan Bozovic, prime minister of Serbia, said: "Serbia will not bow to an economic blockade. We are not ready to submit to pressures which are at the expense of Serbian dignity and economic sovereignty."

Gun battles and explosions shook Sarajevo only hours after Mr Cyrus Vance, the United Nations special envoy, left the Bosnian capital, saying fighting continued despite warnings from the US and the European Union.

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Russia brushes CIS partners aside on Start treaty

By John Lloyd in Moscow

RUSSIA alone will ratify the Strategic Arms Reduction Treaty (Start) with the US, in spite of demands from other former Soviet states holding nuclear weapons as co-signatories, according to Mr Andrei Kozyrev, the Russian foreign minister.

Start ratification has been delayed by the collapse of the Soviet Union, co-signatory to the treaty. Mr Kozyrev said:

"The production of nuclear weapons is on Russian territory, thus the dismantling must also be on Russian territory. If you have to choose which of the four

nuclear states would sign the treaty, it must be Russia."

The demand to be a Start co-signatory has been voiced by Ukraine among the other three nuclear states, which include Belarus and Kazakhstan.

In an interview with the Financial Times, Mr Kozyrev stressed that war between the former Soviet states – particularly Russia and Ukraine – was "unthinkable". But he warned that Russia was prepared to use "every other kind of leverage available to a great power", including economic embargos and sanctions, "to protect the interests of the Commonwealth of Independent

States and the interests of Russia".

The foreign minister said a resolution due to go before the Russian parliament demanding the return to Russia of Crimea, at present part of Ukraine and home to the Black Sea Fleet, could have a destabilising effect". But he said Crimea should hold a referendum to decide its status.

Last night the Crimean parliament's presidium recognised as valid a petition signed by nearly 250,000 people calling for a referendum on independence "in union with other states". If ratified by the parliament, the referendum could be held in June.

The foreign minister said he had approached neutral countries such as Austria and Finland to provide officers for CIS peacekeeping forces which could be deployed in the disputed enclave of Nagorno-Karabakh and Moldova, where there have been clashes over the Trans-Dniesterian region.

Mr Kozyrev said: "It is extremely important that Russian-Ukrainian relations be kept within the CIS framework."

Only under that would the frontiers between us be guaranteed. We respect very much Ukrainian independence but they must be realistic in dealing with Russia not to destabilise the situation."

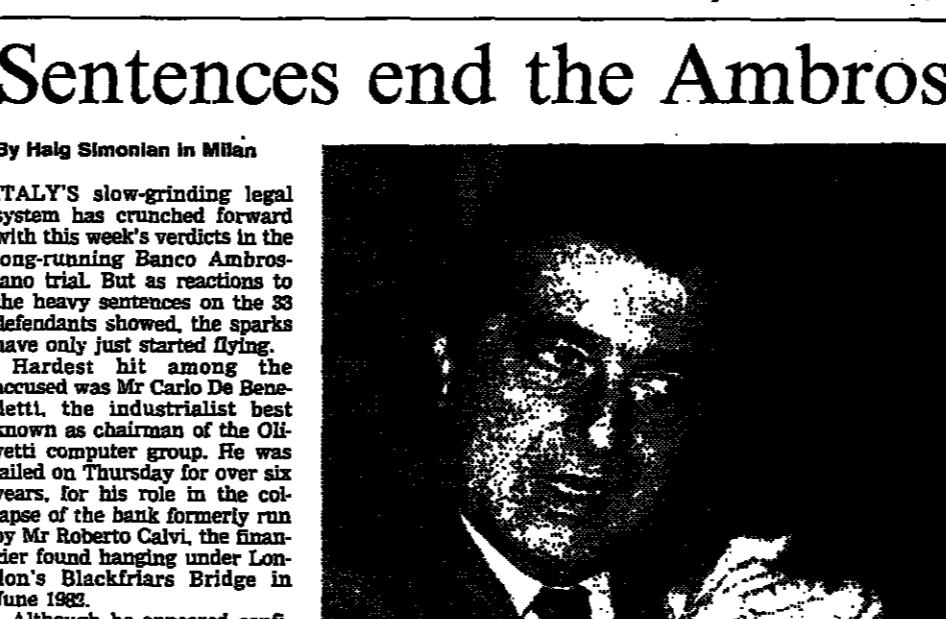
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He indicated the US would again raise the issue of growth when G7 finance ministers and central bank governors meet in Washington this month.

A year ago, Mr Brady ruffled feathers in Europe and Japan by urging more expansionary policies to combat a slowdown in growth. Following his latest trip, he said government officials in Europe now shared US concerns.

Mr David Mulford, US treasury under-secretary for international affairs, said Japan could adopt a "more stimulative attitude" to investment as part of a plan to boost activity, while there was a growing recognition in Germany that the country's mix of policies might be hindering growth.

Germany's high interest rates were "not just a business bank issue", Mr Mulford said.



De Benedetti: jailed for over six years for his role

Mr De Benedetti is not alone among prominent figures caught in the Ambrosiano web. The others include Mr Giuseppe Ciarapico, a financier and close friend of Mr Giulio Andreotti, Italy's caretaker prime minister, and Mrs Anna

Bonomi Bolchini, the head of a prominent Milanese industrial family. All were sentenced to heavy jail terms.

The longest sentences were reserved for Mr Licio Gelli, former head of the banned P2 masonic lodge, and his associate

Rather than eventually becoming chairman, and having the opportunity to clean up the bank, he says he

NEWS: INTERNATIONAL

Force of arms pushes Afghans near chaos

Alexander Nicoll and Farhan Bokhari assess problems in the wake of President Najibullah

TWO weeks ago, Mr Benon Sevan, UN special envoy, was confident that President Najibullah of Afghanistan would step down in favour of a neutral council which would pave the way for an interim government and elections.

Najibullah has indeed left office. But the manner of his leaving – forced out on Thursday by his own ruling party as rebel guerrillas advanced on Kabul – was not what Mr Sevan had hoped for after months of diplomatic shuffling to seek a peace accord.

The era begun by the Soviet invasion in 1979 has ended. Najibullah was security chief for Babrak Karmal, installed by Moscow as president, and he succeeded Karmal in 1986. He had been clinging to power as Moscow's first withdrawal from its troops in 1989 and then cut off all support this year.

However, it is unclear whether Najibullah's fall will lead to peace, or to renewed bloody civil war between rival Islamic fundamentalist guerrillas. Between 1m and 2m people have died in the conflict so far.

The international community's extreme concern was underlined by a UN Security Council call, after an emergency session on Thursday night, for restraint and a political solution. The US said it feared chaos and appealed to all parties to lay down their arms and co-operate with the UN in arranging a peaceful transfer of power.

But the many foreign countries which have participated in, financed or manipulated Afghanistan's 13-year war now appear virtually powerless to influence the immediate course of events.

Mr Abdul Wakil, Afghan foreign minister, said the new regime would continue to be committed to the UN peace process. However, the ruling Watan (Homeland) party's hold on power appears increasingly tenuous. Yesterday, Mr Wakil left Kabul briefly to seek a meeting with Ahmad Shah Masood, leader of one of the main guerrilla factions.

Forces loyal to Mr Masood, commander of the Jamiat-i-Islami group, have taken Bagram air base, 30 miles from Kabul. Mr Najibullah Laiqat, Jamiat spokesman in the Pakistani city of Peshawar, said the forces were poised close to Kabul but had orders to halt outside the city. "We are confident that the citizens of Kabul, army officers and officials have good opinions of Masood. We hope that the situation will go in favour of the mujahideen [guerrillas], without bloodshed," he said.

A deal between the government and Mr Masood, however,



The Afghan guerrilla leader Ahmad Shah Masood has increased influence as the Najibullah regime collapses

would almost certainly be unacceptable to Mr Gulbuddin Hekmatyar, leader of the Hezb-e-Islami guerrillas, who are also not far from Kabul. Mr Hekmatyar has rejected the UN peace process.

Intense rivalry between mujahideen groups – these are the two most powerful of many factions – is the biggest obstacle to peace. Their common goal, the removal of Najibullah, has been achieved with the support of western and Arab arms and aid. But the temptation to pursue separate military courses is great now that military victory over government forces also appears so close.

Mr Masood controls much of northern Afghanistan through his Supervisory Council of the North. Mr Hekmatyar's territory is mostly south of Kabul. For some time the government had controlled less than 20 per cent of the country.

Pakistani officials have been meeting mujahideen leaders, many of whom are based in Pakistan, since Wednesday to seek agreement on the composition of a 15-member neutral council due to take control of Afghanistan under the UN peace plan. They are concerned that agreement will not be reached in time for mujahideen leaders to return to Kabul so as to join new

administrative arrangements. The West has supported the mujahideen but the prospect of a radical Islamic state emerging in Afghanistan is a principal cause of international concern. Afghanistan's historical role as a buffer state between empires would be superseded in the west's eyes, by one in which it was part of a growing radical Islamic swathe.

Even more worrying for the west and for Moscow would be a balkanisation in which warring guerrilla groups held various parts of the country and sought to form links with their neighbours, including the central Asian republics that were in the Soviet Union.

A further motive for international concern is Afghanistan's role as the largest regional producer and exporter of heroin. A further period of unstable, decentralised control would prevent attempts to bring the growing and processing of opium poppies under control.

The refugee problem is also enormous. More than 3m Afghans have fled to Pakistan during the war and more than 2m to Iran. Their resettlement in a mine-swept country with a collapsing economy will be a huge challenge for the international community when peace returns at last. They may have to wait a long time to return home.

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NEWS: UK

Agents set to call in assets of Gooda Walker Names

By David Barchard
and Richard Lapper

AGENTS are likely to begin calling in funds lodged by Names in the troubled Gooda Walker and Devonshire Syndicates next week, following a court judgment on Thursday.

Mr Andrew Pincock, of solicitors Elborne Mitchell, which represented 76 Lloyd's agents in a case brought against them by 82 Names, said: "The cash calls will go ahead. There

is no doubt about that." The Names – individuals whose assets support insurance underwriting – were seeking injunctions to prevent Lloyd's drawing down the deposits which Names must deposit when they join the market.

Few expressed surprise at the court's decision. "We only ever thought there was a modest chance of our legal action succeeding," said Mr Alan Porter, deputy chairman of the Devonshire action group.

Over 3,000 Names on four syndicates formerly managed by the Gooda Walker agency are worst affected. Managers of the syndicates have made little progress in collecting £101m – called for at the beginning of March. The money is needed to pay insurance losses incurred in the 1989 and 1990 underwriting years.

The Names, represented by Mr Michael Freeman, argued the cash calls were "improper". But Mr Justice Savills ordered them to be paid. Mr Freeman said the Names took heart from the fact that Lloyd's – which joined the members' agents as a second defendant – was refused costs.

An appeal was unlikely. But the case would now be transformed into a "substantive action for damages and loss".

Mr Pincock described the ruling as a benchmark verdict. "It establishes that calls will proceed unless they

are dishonest or made for improper purposes," he said.

Mr David Coleridge, chairman of Lloyd's, welcomed the judgment: "The primacy of this principle 'pay now, sue later' has been upheld."

Nevertheless, the decision will not prevent other efforts to obtain injunctions. Mr Alfred Dol-Steinberg, chairman of the Gooda Walker Action Group, said last week he would take action before the end of the month. Separately, another

group of Names – being organised by an American lawyer, Mr Andrew Grossman – is seeking injunctions on the grounds that the loss-making spiral reinsurance contracts entered into by Names could contain flaws which enable Names to apply to have them set aside.

Names who have suffered said yesterday that they were not surprised by the High Court ruling, and would step up the work of action groups which could start

legal proceedings for breach of contract and negligence. As for the final outcome, Names hit by the cash calls are generally realistic about the slowness of their chances of retrieving the situation. "We are fairly confident that there will be some sort of market settlement but the people who have been slaughtered will not be rescued," said Mr Richard Platts, a retired university lecturer and a member of the troubled syndicates.

Euphoria succumbs to hard currency reality

Peter Norman looks at the change of mood in the money markets

BRITAIN'S interest-rate euphoria proved short-lived. Hopes that Mr John Major's winning of a fourth term of government might be followed by a swift fall in borrowing costs have been dashed.

Events on the money markets since last week's election victory suggest that the government is in no rush to lower rates. Once it is, it will find its power to determine interest-rate policy is limited.

UK membership of the European Monetary System protected sterling from speculative attack in the election campaign, but the EMS is now more likely to be blamed for preventing the government from bringing interest rates more in line with the country's needs.

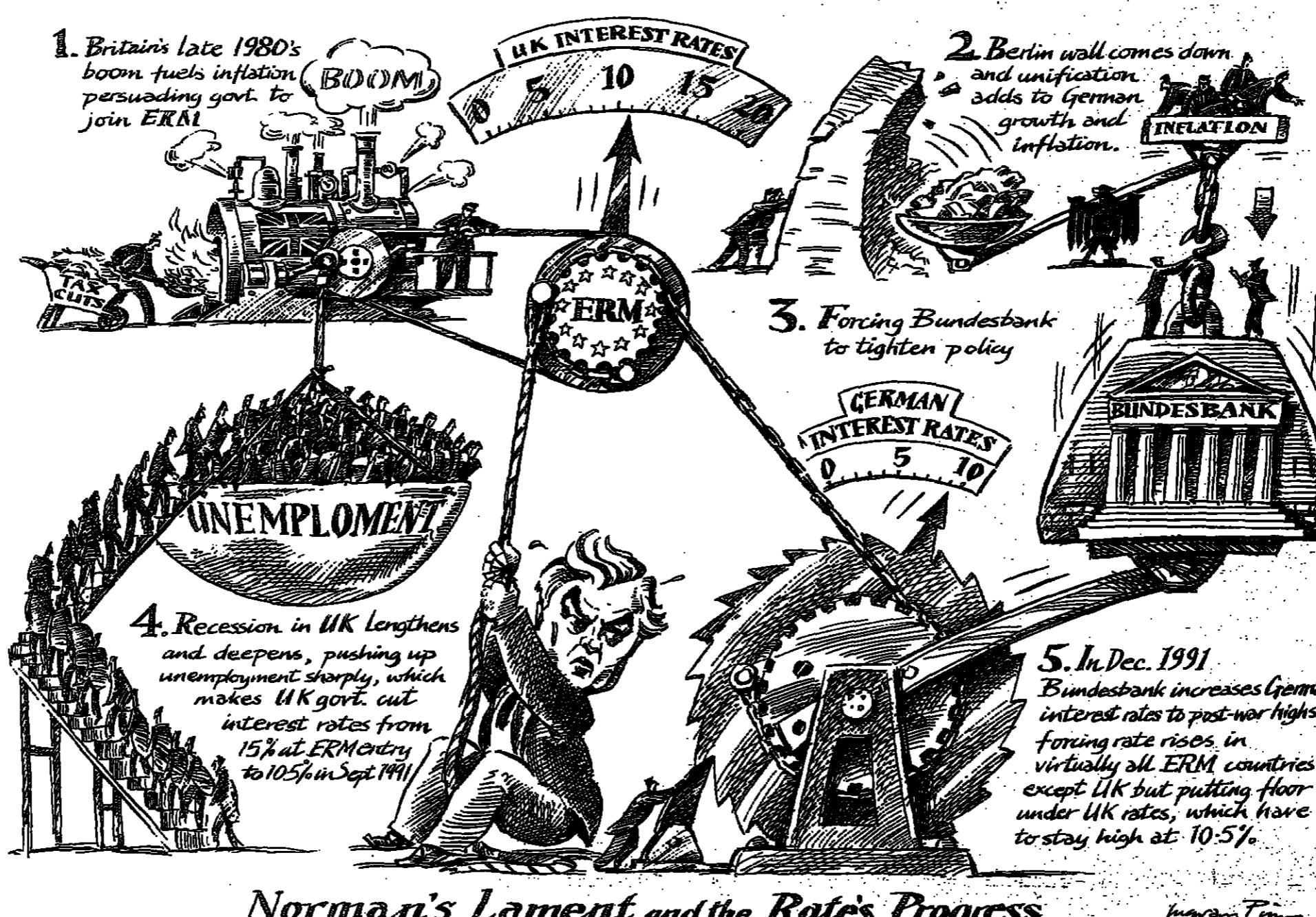
Bank base rates, which have been stuck at 10.5 per cent for more than six months, are unusually high given that the UK is struggling to get out of its longest recession since the 1930s and that inflation, as measured by the retail prices index, has fallen to a year-on-year rate of 4 per cent.

Yet the chances of a big cut are slim, and will remain so while Germany's Lombard rate stays at the 9.75 per cent fixed in December when the Bundesbank announced a 0.5 percentage point increase in Germany's key interest rates.

Germany still provides the anchor currency for the EMS, in spite of a surge of inflationary pressures since unification. The view in the Treasury is that the present 0.75 per cent differential between UK and German short-term interest rates is small by historic standards, making a cut in UK rates less likely in the absence of lower German interest rates.

A modest 0.5 per cent cut in UK base rates cannot be ruled out, however. The authorities have been waiting to see how sterling settles down after the election. The chances of a rate cut could increase if sterling continued to strengthen and moved above its DM2.95 central rate in the EMS exchange rate mechanism.

So far, the Bank of England has displayed no enthusiasm



Norman's Lament and the Rate's Progress

for a cut. In response, the three-month interbank rate, which often acts as a guide to base rate movements, was only slightly below base rate at about 10 per cent this week.

During the election campaign Mr Norman Lamont, the chancellor, made clear that he accepted the constraints imposed by UK membership of the ERM. He said that historians would probably say that Britain joined the ERM at a very difficult period.

But the chancellor nailed his colours to the ERM mast when he told a group of Birmingham

businessmen that it was providing Britain with greater price stability, which would help the international competitiveness of UK industry.

Although in many ways a Euro-sceptic, Mr Lamont clearly regretted Britain's non-membership of the ERM over the past decade. It would have helped the UK "enormously" in keeping inflation under control, he said.

Britain's ability to cut base rates from 15 per cent at the time of ERM entry – and not to follow the majority of Germany's ERM partners in rais-

ing rates following the German move in December – is regarded in the Treasury as an achievement in itself. The dangers for the UK of lowering interest rates to the German level or below were highlighted by France's experience at the end of last year, when the Bank of France was forced to raise its money market inter-

est rate to 9.6 per cent from 9.25 per cent following the Bundesbank's tightening of policy.

Nor does the Treasury believe that sterling interest rates would fall below German

rates if the pound quit the ERM. It points out that since 1979 there has only been one very brief period – in 1981 – when UK short-term rates were lower than German ones. That was after two years when sterling had been unexpectedly strong, allowing it to build up credibility in financial markets. A strong pound is an integral part of the UK's counter-inflation policy.

With an open economy such as Britain's, the Treasury cannot risk the imported inflation that might arise from a US-type policy of cutting inter-

est rates sharply and tolerating currency depreciation.

Such policies can also have unwelcome effects if bond markets sense an inflationary danger. While the US federal funds rate has been cut to 3.75 per cent, US bond yields are substantially higher. The US Treasury 10-year bond currently yields 7.33 per cent while yields on a comparable UK government bond, at about 9.13 per cent, are below base rate.

Another telling argument against an early and sharp cut in UK interest rates is political. Mr Major has won an election

victory in spite of the recession that followed the post-election boom of 1988. A government priority now will be to bring the electoral and economic cycles back into synchronisation so that the Conservative party does not have to fight the next election in similarly unfavourable circumstances.

Before embarking on significant interest-rate cuts, therefore, the government may wait until Germany starts to lower its rates. Indeed, German money market rates this week have been indicating no change for at least six months.

North Sea gas project to go ahead

By Deborah Hargreaves

CONOCO, a subsidiary of DuPont, the US group, and Total Oil, the French resources group, have been given approval for a \$400m gas project in the North Sea in a development that could open up large additional reserves in the area.

Conoco estimates that potential gas reserves around the new development, which is 180km off the Lincolnshire coast, are as high as 2,000bn cubic feet.

The two companies plan to develop separately the Calster and Murdoch gas fields in the southern part of the North Sea and build a gas gathering and pipeline system as a joint venture. Ascaso, Arco and Canadian Oxy are minority partners in the project.

Calster is estimated to contain 320bn cu ft of gas and 2m barrels of gas condensate and Murdoch has reserves of 300bn cu ft and 3.5m barrels of condensate.

Gas from the complex will start to flow in the last quarter of next year, reaching a peak in 1994 of 300m cu ft a day. The pipeline system will have capacity to carry 750m cu ft of gas a day and will be able to link with new discoveries in the area.

Calster gas is already sold under contract to National Power, the electricity generating company, and negotiations are at an advanced stage on the sale of gas from the Murdoch field to the UK industrial market.

Major will be urged to hold Scottish referendum

By David Owen

LEADERS of the Scottish Constitutional Convention are to call on Mr John Major, the prime minister, to hold a referendum on Scotland's future.

The move, announced after yesterday's meeting of the convention's executive committee, follows the general election in which the Tories increased their total of Scottish seats to 11 while receiving 25 per cent of the vote north of the border.

It comes less than a week after the Labour party in Scotland challenged Mr Ian Lang, the Scottish secretary, to hold a referendum.

Leaders of the convention, which includes Labour and the Liberal Democrats, will make fresh overtures to the Conservatives and the Scottish National party, both of which have boycotted the convention since it was founded in 1989.

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NO SOONER has the race for seats at Westminster ended than the race to cut costs is under way.

After nearly 18 months of extravagant electioneering all three main political parties are scrambling to get their costs under control.

Mr John Major's "battle bus" is back in mothballs and everything from mobile phone reinforcements to between 90

Boost for mortgage rescues

By David Barchard

MORTGAGE rescue schemes have been given a fresh boost by a decision of the Building Societies Commission, the industry watchdog, to allow societies to take part in syndicated loans on property.

The move allows societies to lend jointly to housing associations which want to buy flats and houses from the public sector. That will enable risk to be spread between several societies.

The new power comes into force on June 1, but only societies with assets of more than £100m – about 60 of the total 90 societies – will be allowed to use it. Approval from their annual general meetings will be required, but that is not expected to prove a cause of delay as most such meetings are to be held in the next two months.

Many offices 'do not meet needs'

By Vanessa Houlder, Property Correspondent

MANY OFFICES built during the late 1980s do not fully meet occupiers' needs, according to a report by Debenham Tewson Research, a property adviser.

The report says companies seeking to relocate are often faced with an inadequate choice which forces them to make compromises.

Mr Stephen Webster, a director of Debenham Tewson Research, says: "Even in today's market, office oversupply turns out in many cases to be illusory." The figures on overall supply mask gaps in the market in terms of size and quality of buildings, he says.

"Much of that which has been built by the development industry does not fully meet occupiers' requirements, either in terms of location or specification," he adds.

The researchers examined

the property market in the north western sector of the M25, where there is an apparent abundance of empty office space. It found that 30 companies which had decided to move to the area had difficulty in finding ideal premises.

Although the companies were usually satisfied with the amount of space, the cost of the building and the quality of finish, they made compromises on factors including air conditioning, parking spaces and the architectural quality of the building.

The report says developers carried out inadequate research into the needs of their tenants. Speculative developments are also handicapped by the need to cater for as wide a range of potential occupiers as possible.

Office Demand Choice and Compromise, Debenham Tewson Research, 45 Brook Street, London W1A 4AC. £4. Free.

The party is finally over for campaign workers

By David Owen

AIRCRAFT have been returned to their rightful owners.

But, above all, the staff reductions have started. Mrs Gillian Shephard, the new employment secretary, may look in vain for "glimmers of hope" in the April and May unemployment figures. If trends among political workers are any guide,

the Labour party is engaged on arguably the severest retrenchment, issuing redundancy notices to between 90

and 95 staff around the country who were hired on temporary contracts over the past two years.

Those receiving notices include Mr David Hill, Labour's director of communications – although in his case the contract is likely to be extended. The party said: "We are not proposing to move ahead in three weeks' time without a director of communications."

All told, Labour is aiming to

reduce numbers to less than 200 around the country from about 300 at the height of the campaign. The cash-strapped party is expected to run a tight ship in the aftermath of the election, operating with fewer staff than it had on the books two years ago. On a more positive note, the party said it had stayed within its election budget and grossed more than £2m from its fund-raising activities during the campaign.

It made a profit from escorting journalists on Mr Neil Kinnock's energetic campaign tour. Many newspapers, having paid more than £5,000 for the privilege of accompanying the Labour leader, will not be surprised by this.

At Conservative Central Office numbers will be whittled down to a core staff of 150 from 325 during the election campaign, as volunteers depart. Several longstanding employees will also take advantage of a natural break to move or return to City firms or lobbying. The focus of activities will switch from communications to research.

The Liberal Democrats will part company with most of their workers hired on temporary contracts, although the party will try to ensure that no full-time employees lose their jobs.

A review of staffing at Westminster and party headquarters is to be undertaken in the next month.

Public deficit

PUBLIC-SECTOR finances deteriorated by a record £2.4bn in March as big increases in government spending and weaker tax revenues led to higher borrowing. The monthly figure, the highest since records began, brought the public sector borrowing requirement for the fiscal year to £13.9bn.



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FINANCIAL TIMES

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Saturday April 18 1992

Spring fever in London

AT FIRST sight, Mr John Major knows something that the rest of us don't. Not only was his political self-confidence triumphantly vindicated, but the British economic recovery he has been forecasting for so long started just when everyone had given up believing in it. The figures remained grim up to polling day; but in the week since we have learned that output rose in February, and unemployment almost stopped rising in March.

The prime minister will have been less pleased with news that producer prices and average earnings are still rising quite strongly; more has been expected of ERM discipline. But the stock market, now taking a rosy view of everything, has no doubt concluded that price rises show industrial confidence, while higher earnings are a strong foundation for rising consumer demand. Against this apparently improved economic background, the 10 per cent rise in equity values since the surprise Conservative victory looks like a mirage itself.

Investors with long memories, however, will know that there is a standard contrarian response to election results, especially to an unexpected result: buy on a Labour win, sell when the Tories come back. The market stages an instant funeral or celebration, and then relapses to its previous trend. That conventional wisdom is supported by any long-term chart of moving average share prices: there is almost no sign of changes of government. However, this formula has no clear message at this stage, for by Thursday the market had fully recovered its underlying trend, but had not yet overshot it.

Economists have their own way of dampening high spirits, as is their dreary habit: don't extrapolate figures for a single month, and do look at the fine details. This changes the picture quite drastically. On the three-month moving average, output was still falling in February, while the unexpectedly good unemployment figures for March simply balanced the unexpectedly bad ones the month before. There is also evidence that some planned lay-offs were postponed in March to avoid the election season.

Darwinian process

Output prices are a matter of detail, not trend. All the bounce was in one sector - drink and tobacco. This suggests that in the UK, as in the US, these industries are offsetting the decline in demand for their products by pushing up prices aggressively. It is a rise in the cost of addiction, or the wages of sin. This is one way to confront weak markets, and has interesting implications for equities in these sectors, but says nothing at all about confidence in

general. The rise in the wages of work reflects quite a different response to demand weakness, and may be the real good economic news this Easter. This is the first British recession in living memory in which productivity, especially in manufacturing, has gone on rising while output fell. This is partly a Darwinian process, as the least efficient companies close down, but also shows positive progress, shown most spectacularly last week in Rover's Japanese-style labour agreement - a greenfield agreement on a brownfield site, as the management proudly claimed.

Employers have been achieving improvements which would have been regarded as unbelievable not long ago, and have been happy to reward labour for its co-operation. This may raise the "going rate", and so push up costs and prices in less exposed parts of the economy, especially in the service industries.

The bad news is that the resultant inflation numbers will persuade the government that it must squeeze for the indefinite future - when the banks are already applying all the restraint that even a puritan could demand.

But the good news is that manufacturing industry may be better able than the Labour party's devaluationists imagine to live with a demanding exchange rate.

Merciless squeeze

The good-news bad-news story really describes the British outlook very well: high wages but high unemployment; good profits for the efficient but a merciless squeeze on the inefficient; a fairly sluggish growth in domestic demand, but inviting costs and labour relations for foreign companies seeking new capacity.

Membership of the ERM is thus working in unexpected ways, doing less than expected to cut inflation, but speeding up the internationalisation of the UK economy. That may in the long run be the best news of all for investors, for it suggests that UK shares will steadily rise above their high-yielding, poor-relation status in world markets.

But there are two cautions. First, most British companies must more fully earn the dividends they are already paying. Second, it takes two more to converge. While Wall Street is testing new highs as a real though probably undramatic economic recovery is confirmed, Tokyo has lowered the international target as dramatically as anyone could wish. The collapse there has not yet spread internationally, as pessimists have expected - indeed, Tokyo funk money may be helping to support London and New York. But the dust cloud is likely to obscure long-term prospects for some time yet.

"It is coverage wanting humanity, common sense and, not incidentally, news. It is as if the plague of post-modernism had infected the newsrooms of our greatest newspapers."

- Ward Just, veteran foreign correspondent and author, writing in the Washington Post.

"That is the first positive thing I've read or heard about him this year."

- Anne Neuberger, lecturer at the University of Colorado, on being told last week a mildly complimentary anecdote about Bill Clinton.

It is now a cliché to describe an American election year as one of great political disaffection. Usually the blame is assigned somewhere between the magnitude and intractability of the problems facing the country and the shortcomings of those who want to lead it. Though the problems of earlier times might be comparable, nobody of sound mind will claim that George Bush or Bill Clinton and possibly H Ross Perot are reincarnations of George Washington, FDR and possibly Theodore Roosevelt.

But the question is whether responsibility for this sad state of alienation might also extend to the fourth estate, the presumed great intermediary between the problem and the solution. There is much to this, for it really is the stuff of everyday conversation from Maine to California.

In Britain, Neil Kinnock's defeat was in good measure attributable to the Tory press.

Right or wrong, nearly four out of five eligible Britons cast a ballot.

By contrast, the US does not have an ideological mass media and yet, barring a remarkable reversal of all known trends, this November fewer than one in two will bother to vote for a president.

Even if this comparison fails to take full account of differing political and social structures, it is hard to deny the correlation between the changing face of the US media and the engagement of the public in political matters.

The case for the prosecution can be briefly put: the media's long adversarial tradition of hard reporting and muckraking, which claimed mighty scalps from Boss Tweed, the 19th-century Tammany Hall boss in New York, to Richard Nixon, and which made its share of mistakes as well, cannot but be contrasted with today's tendency to presume wrongdoing about anybody even contemplating entering the public domain, either politically or in any other capacity. Somewhere in the wash, the necessary conveyance of conventional news gets lost.

The politicians are not the only ones under the gun. Last week Arthur Ashe, the retired tennis player, was "outed" as an AIDS sufferer by USA Today newspaper. There was also an extraordinary investigation by the Washington Post into the detailed deliberations of the Noriega trial jury, focusing not merely on why they disagreed but who disagreed with whom.

The media justification in both

cases as in its scrutiny of the politicians, is that Mr Ashe was already a public figure while the Noriega jury *de facto* became a collective one. The New York Times argued that raising consciousness on AIDS mattered more than any right Mr Ashe had to privacy. Similar logic was applied universally to the Noriega trial, with the sanctity of jury deliberations considered secondary to the public's "right to know". The line from the Clarence

Switching its targets, but not raising its standards, last week ABC News reported without a shred of broadcastable evidence that the house of Jerry Brown, when governor of California, might have been used for parties, in his presence or not, at which narcotics might have been consumed. His rejoinder -

"Anyone who knows me knows I don't give parties" - paled into insignificance compared with a presumed past sin.

Going for the front-runner is an old game. Mr Brown is not alone in

Mud-slinging turns the US off

Political disenchantment can be linked to the role of the media, writes Jurek Martin



Thomas hearings and the Kennedy Smith and Tyson trials is clear: no stone gets left unturned.

Mr Clinton knows now that he can have no secrets. Russell Baker, in one of his more semi-serious columns in the New York Times, argued that Mr Clinton had been battle-hardened by the experience, especially in New York. The more common view is that the pursuit of his private and public life, rather than his policies, has seriously weakened his candidacy.

Time magazine, for example, this week devoted its cover story not to

why he won three primaries, but to why he is not trusted. Time's poll sample of 927 opinions was evidently considered a more important diagnostic resource than the approximately 520,000 who actually voted for Mr Clinton on April 7. The American media's reflex faith in polling has yet to be undermined by evidence from across the Atlantic.

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arguing that it was the media who anointed Bill Clinton favourite in the first place, long before anybody voted anywhere. It was thus placed under a particular obligation to scrutinise and dispatch squads of reporters to Arkansas. It follows that once Mr Brown won the Connecticut primary, he became eligible for the full treatment. So, for a while, did Pat Buchanan on the Republican side, though it may also be the case that, as a media man himself, he was treated rather gently in the beginning.

By this logic, President Bush should be next. The proven involvement of his son, Neil, in a savings and loan scandal appears far worse than any conflict of interest, still totally unproven, involving Mrs Hillary Clinton and her Arkansas law firm. And if Mr Clinton strayed from the marital bed, there are plenty of rumours the president has, too.

But it is also considered axiomatic that the Bush people stand ready to feed the media even more dirt to use against Mr Clinton, should he win the nomination, to the point that the Willie Horton commercials that laid Mr Michael Dukakis low in 1988 will this year be reckoned tame enough to show on children's television. The only contrary argument is that the Bush people know the Clinton camp has dug up dirt on the president, thus

creating an unedifying stand-off. This prospect has already been fully

realised in the media.

So what is up? Like most changes, the US media has not transformed itself overnight. Among many evolutions, it has become more national, less parochial. USA Today is a ubiquitous publication; both the New York Times and Los Angeles Times, the best of east and west, now have national editions. In an atmosphere of more intense competition, the temptation to run with the story rather than check or edit it grows.

The relationship between the writing press and television, once

characterised by an essential reliance for information by the latter

on the former, has shifted. No longer is it virtually automatic that whatever appears on the front pages of the leading newspapers will appear on that evening's TV

national news. TV sets the agenda more.

Now the news divisions of the

three main networks, CBS, NBC

and ABC, are in relative decline.

They face competition not only from print, smart and round-the-clock CNN but from their affiliate stations, which have prevented the extension of the national news from its current 30-minute format, preferring local news and entertainment, the two often indivisible. This year NBC is pooling its convention coverage with public broadcasting, the chronic poor cousin, to save money.

Only CNN is substantially increasing its election budget this year.

One result is the soundbite. In 1988, according to one delicious survey, the average time given to Richard Nixon and Hubert Humphrey to get over a point was 42.3 seconds. In 1989, this has dropped to 9.2 seconds, enough for Mr Bush or Mr Dukakis to say "friends, Romans, countrymen, lend me your ears" and not a word more.

A second consequence is the growing tendency to see paid political "attack ads" as newsworthy in themselves, because they are composed of soundbites, professionally made and save a bit of work. Curiously, the experience this year that negative advertising may be ineffective. It certainly hurt Tagon gas in Florida, Brown in New York and Buchanan in Georgia.

Television, itself the developer of

the cult of the personality, has also

made writing journalists into celebrities. No hack worth his or her salt in Washington is complete without a regular television or radio outlet.

Candidates cannot escape either. So

Clinton and Brown find it politi-

cally necessary to appear on the

Phil Donahue show, normally

devoted to matters typically

addressed in the sort of supermarket tabloid which paid Gennifer

Flowers to say what she wanted.

What the public senses is the absence of any consistent attempt to address the issues really bothering the country. This is now a complaint of the left as well as the right, which has long thought all but its own media a liberal coven. Last week, the University of Colorado put on its annual world affairs conference in Boulder, as good an event as any to test the liberal zeitgeist. Almost without exception, panelists after panelist, including several self-flagellating journalists, denounced the trivialisation of the media.

To some this was yet another adverse reflection on the isolation of Washington, seen, in politics as in

media as an incestuous place. To others it reflected the inability or unwillingness of television to portray complex issues and the disinclination of the writing press to fill the substantive gaps left by television.

And yet there is in the newspaper, and occasionally on television, no lack of analysis of what is wrong with the social and political fabric of the US. A Washington Post series by Dale Russakoff this week on the destruction of the dreams and prosperity of a Pennsylvania steel town is Pulitzer prize-worthy stuff, as, by universal acclaim, was a comparable exercise late last year by the Philadelphia Inquirer.

Nor is all political reporting and commentary devoid of content, on TV as well as in the print. To watch Robin MacNeil of the MacNeil-Lehrer programme, grill Clinton and Brown together on foreign policy last month was to learn a lot. For anyone interested in the political process, the writings of R W Apple Jr, David Broder, Richard Cohen and a dozen others are mandatory and readily available, many syndicated nationwide.

But too often neither seen nor heard, and that is a problem. Ward Just, writing from Paris, is probably closer to Boulder than he knows when he writes: "This is what is going on; the fourth branch of government, powerful, numerous, amiable and prudent, protected by its own constitutional amendment, is behaving like a gang of arrogant rich kids in an out-of-town saloon, where anything goes and no one prosecutes." Which is precisely what the public is also saying about its politicians.

MAN IN THE NEWS: Sir Brian Jenkins

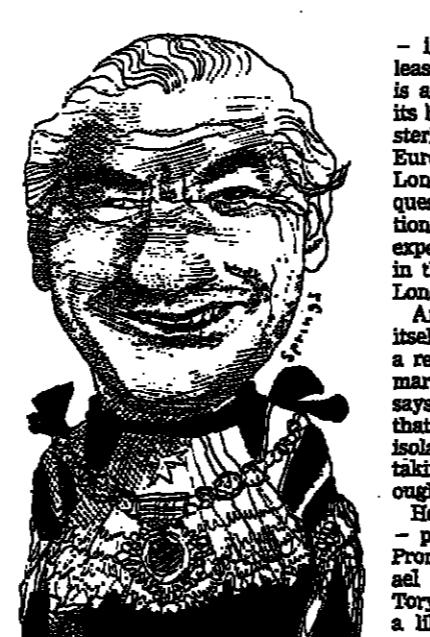
Cheerleader for the City

Each autumn, a Lord Mayor of London comes and goes, and few outside the ornate Mansion House much care - or even notice - unless the tricorn hat, lace and gold chain catch the corner of the television screen during the chancellor's or prime minister's annual speeches to the City.

Not so with this year's incumbent, Sir Brian Jenkins, London's 66th Lord Mayor, who is hardly a household name, but he has done more to put the City Corporation on the map than most of his predecessors. This week he won plaudits for his calm and efficient direction of operations after the bombing of the Baltic Exchange; last month he launched a high-profile campaign to make London home to the proposed European Central Bank - a delicate mission, given Mr Major's delicate balancing act on European Monetary Union. And since taking office five months ago he has publicly lambasted Labour's now-redundant plan to abolish the City Corporation and create an elected pan-London authority.

"The general response has been marvellous," Sir Brian says of the efforts of staff, companies and back-up services after last week's carnage. As for the Lord Mayor himself, he rushed out of the Blacksmiths' dinner and hardly got a break for the next three days, trying to get things back to normal. "It showed how important it is for the City to have its own authority - and how much it values it."

Sir Brian, 56, is a City man par excellence. A senior partner with the accountancy firm Coopers & Lybrand Deloitte - head of its audit practice until last year - his



Quarantine Station at Heathrow Airport

Only a country with a hereditary monarchy and a House of Lords could tolerate the archaic City Corporation in the 1990s. It operates like this. Some 14,000 voters - most of them non-residents - from 25 wards elect 159 common councillors and 26 aldermen to run the Corporation. Each year one of the aldermen is selected as Lord Mayor by his colleagues from two candidates nominated by the 15,000 liverymen of the City's guilds. Livery companies are successors of 11th-century religious and social fraternities; there are now 100 of them, ranging from the ancient Apothecaries and Fishmongers' companies to Sir Brian's own Worshipful Company of Information Technologists.

After that, it may not seem odd that the Corporation should have its own police force, plus responsibility for Epping Forest, Hampstead Heath, the Old Bailey, and the

in the Maastricht timeframe, at least. But if it does, the Lord Mayor is adamant that London should be its home - and by implication that sterling should be subsumed in the European currency. "The case for London is compelling: it's not a question of doing down the competition, but of emphasising the vast experience and expertise contained in this City. By any objective test, London is the best location."

And what of the Corporation itself, now the electorate has issued a reprieve? "The Corporation's primary task is to act for the City," says Sir Brian, but he is emphatic that "we should not see the City in isolation. We are a great Hoover, taking out of the system - and we ought to be putting a lot back."

He is keen for the City to support - perhaps even

BBC governors and top management will start arriving at Lucknam Park, a secluded country-house hotel in the Cotswolds, just before lunch on May 20.

There they will enjoy good food and wine, stroll on the rolling lawns, join BBC chairman Marmaduke Hussey around the swimming pool - and talk about the future of the corporation.

It is probably the most important conference on the BBC they will ever attend. Their task is to reach agreement on its future structure, role and strategy in an age of multi-channel television.

Ironically, Lucknam Park was where the top-secret talks that led to the merger of satellite broadcasters BSkyB and Sky Television in November 1990 were held, thus creating one of the longer-term threats facing the BBC.

Had the Labour party won the general election on April 9, the debate over the corporation's future would not perhaps have reached its present intensity. Though a Labour government might have created funding problems with its uncosted manifesto commitments to concessionary licence fees for pensioners, there was a feeling inside the BBC that it had an emotional commitment to public service broadcasting.

The Tories are perceived as far more likely to pull the BBC up by its roots. It is David Mellor at the head of the National Heritage

department - already designated the Ministry for Film - who will handle the delicate negotiations for a new Royal Charter for the BBC to replace the one that runs out in 1996. In some respects he is a lucky choice for the corporation.

In 1986, during his second stint as broadcasting minister, Mr Mellor effectively put his career on the line by supporting a strengthening of the quality commitments for ITV companies bidding in the competitive tenders for franchises. The changes he envisaged from highest bid to quality had not been cleared with the then prime minister, Mrs Margaret Thatcher.

In preparing a consultative document on the corporation's future, for publication later this year, Mr Mellor can be expected to be rigorous but open-minded. The government cannot be expected to solve any of the corporation's problems, however - problems being experienced by most public service broadcasters across Europe.

As the number of television channels available through cable and satellite networks increases, and competition intensifies for both finance and audiences, all public service broadcasters face tough choices.

Mr Gerard Le Peuvre, until recently director of strategy at CILT, the Luxembourg-based broadcaster, believes that by the end of the decade in most European countries there will only be room for one national

public service channel with one or two competing pay channels, up to three private general interest channels and a growing number of specialist satellite channels.

For the BBC this scenario poses several basic questions. Can the corporation retain a reasonable share of the audience? Will Wyatt, managing director of BBC network television, has bravely identified his minimum target: from 1992-93

were mostly over-harvested spectators. In the minds of many, these men get their just deserts for having bid too high in the first place.

Today, there is growing evidence that the slump in the financial markets is starting to concern even those who have never owned a share or a slice of land (the standard 3.3-square-metre measure).

As companies have cut investment and costs, so employees have started to worry about the future.

Consumers last year began postponing purchases of cars and electrical hardware. There are becoming cautious about clothes, household goods and entertainment. Tokyo department stores this week reported sales in March dropped by 7.8 per cent over last year - the largest decline on record. The sharpest fall was in corporate gift-buying. But everything from spring fashions to summer appliances was affected.

Ms Sagaeishi says: "Conversation is really dull now. Until last year, people used to talk about horse-racing and make bets in the bar. Now, even if they bet, they don't talk about it."

Two years ago, many ordinary Japanese were glad when early signs of trouble appeared in the economy and the boom in stocks and land collapsed. The victims

of the recession has definitely arrived," says Ms Isako Sagaeishi, a bar owner. "People who used to come three times a week now come once a week. Those who came once a month hardly come at all."

Ms Sagaeishi's bar, the Charing Cross, in Kichijoji, an affluent suburb of western Tokyo, is decked out with souvenirs from Britain, including a large map of the London Underground. It is open until late. The customers are a cross-section of the city's middle class - accountants, salesmen and office managers. If these men are starting to tighten their belts, it is a sure sign that Japan's economic slowdown is beginning to affect average workers.

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Consumers last year began postponing purchases of cars and electrical hardware. There are becoming cautious about clothes, household goods and entertainment. Tokyo department stores this week reported sales in March dropped by 7.8 per cent over last year - the largest decline on record. The sharpest fall was in corporate gift-buying. But everything from spring fashions to summer appliances was affected.

Ms Sagaeishi says: "Conversation is really dull now. Until last year, people used to talk about horse-racing and make bets in the bar. Now, even if they bet, they don't talk about it."

Two years ago, many ordinary Japanese were glad when early signs of trouble appeared in the economy and the boom in stocks and land collapsed. The victims

of the recession has definitely arrived," says Ms Isako Sagaeishi, a bar owner. "People who used to come three times a week now come once a week. Those who came once a month hardly come at all."

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COMPANY NEWS: UK

Worcester holders angry over £72m German offer

By Maggie Urry

ANGRY SHAREHOLDERS of Worcester Group said that the central heating boiler maker had accepted an offer which undervalued the company.

Robert Bosch, the German automotive components, telecommunications and domestic appliance group, has offered 225p a share for the company, valuing it at £71.5m.

The row is set to enliven the current debate about corporate governance. Worcester shares rose 30p to 218p on Thursday.

Commitments to accept have been given by the company's management and their families, holding 38.4 per cent of the shares, and some institutional investors, with 13 per cent, giving a total of 51.4 per cent. Mr Michael Davies, the only independent director of Worcester, is recommending it as "fair and reasonable".

Gartmore Investment Management and TSE Group are thought to be among the accepting institutions. But others believe a higher price could have been obtained.

Mr Jim Fisher, director of Scottish Amicable Investment Management responsible for small and medium-sized companies, said: "we are not at all pleased about this bid".

He said a bid should be at "a much, much higher price", and challenged Worcester to "test the price in the market".

He was also angry that the group's directors would receive a different offer from outside



Future partners? Cecil Duckworth, left, and Clemens Boersig, as row over proposed merger becomes heated

shareholders. Worcester directors will take a 32.3 per cent stake in the new subsidiary of Bosch and will continue to run the business within Bosch.

This stake will be bought out in 1996 at a performance-related price of up to 333½p, and not less than 100p. Meanwhile, dividends will be paid on the shares, though with a higher level of cover than in the past.

The Takeover Panel said the deal was not unfair to outside shareholders. Advisers to both sides - JO Hamro Magan for Bosch and Smith New Court for Worcester - had assured the Panel that the value of

See Lex

Heron bondholders warned over 'significant' loss

HERON International, Mr Gerald Ronson's property and finance company, warned its bondholders they "would suffer a significant loss" if their opposition to the group's debt rescheduling pushed the group into liquidation, wrote Bronwen Maddox.

In the event of a liquidation it is estimated that the group's liabilities would exceed assets" the group said in a memorandum to bondholders, which asked them not to "take any hasty action".

The memorandum also shows that in the year to March 31, 1992 Heron suffered a pre-tax loss of £21.7m after exceptional items of £33m. The previous year there was a restated pre-tax loss of £53m, after reclassifying extraordinary losses as exceptional.

Following the slump in US and European property values, Heron is seeking to reschedule about £1bn of its £1.45bn debt, including £440m in Eurobonds. Quotation of the eleven out-

standing bond issues was suspended three weeks ago on European exchanges, and winning the support of the bondholders is now one of the main hurdles for the proposals.

About £400m of the debt is not affected by the rescheduling, being held directly by UK, European and some US subsidiaries, and in a liquidation would be likely to be repaid in full, according to the memorandum. As a result the Heron management believes bondholders would not be repaid in full in a liquidation.

The group proposed the rescheduling when it recognised that net asset write-downs of £115m at March 31, against £285m a year earlier, would breach bank covenants.

The group's proposals are to split debt into A and B categories where the first receives interest but the second has interest deferred.

It also plans a £1.4bn disposal programme stretched over seven years.

First challenge to SE ruling is brought forward

By Richard Waters

The Stock Exchange succeeded on Thursday in speeding up the hearing of the first judicial review brought against it, after Sir Andrew Hugh Smith, the exchange's chairman, warned of the dangers of a

affecting the exchange's decisions.

In a time when the effectiveness of City regulation is being questioned, there is need for visible certainty that the Stock Exchange is exercising its authority legitimately," Sir Andrew said.

The judicial review has been sought by two shareholders of Titchfield, a jute manufacturing company which was delisted after its chairman was arrested on insider dealing charges three years ago.

The case would have taken another 18 months to be heard, prompting Thursday's hearing at which the Stock Exchange urged an earlier date to be set.

The exchange is the Competent Authority for Listings in the UK, as required by the European Community's 1979 Admission Directive.

Eagle Star Australian unit sold for £130m

By Richard Lapper

EAGLE STAR, the insurance subsidiary of BAT Industries, has announced the sale of its Australian Eagle Insurance subsidiary.

The sale, for about £130m, will boost a capital base battered by recent losses on domestic mortgage indemnity business and other recession-related losses.

Mr Michael Heath, executive director, said book profits of £75m from the deal would lift the group's solvency margin (the yardstick which measures net assets as a percentage of non-life premiums) by 7 percentage points to 48 per cent.

Australian Eagle underwrote non-life premiums of about £1510m in 1991, contributing profits of £2m when Eagle Star reported pre-tax losses of £384m.

QBE Insurance will acquire the non-life business, while Lloyds Life Corporation, which owns MLC Life, the country's third biggest life office, will acquire the life business.

Mr Heath said that scale was an important ingredient of success in the fragmented Australian market.

"We would have been prepared to make more investment in Australia if we had been attempting to develop a global approach to non-life business," said Mr Heath.

Instead Eagle Star would concentrate on building its life and personal lines business in the UK and rest of Europe, he added.

The sale marks a further restructuring in the competitive Australian market.

Last month Guardian Royal Exchange, another UK composite company, agreed to merge its Australian operation with that of Zurich Insurance.

Australian Eagle's general insurance business is concentrated in Victoria. It has a particularly strong presence in the agricultural risks market.

ANALYSTS

Mr Peter Gurney, of Salomon Brothers, said: "The deal is a sensible one for Eagle Star, which has

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Barchard**ECONOMIC DIARY**

TODAY: North and South Korean officials are expected to meet in Pnumunion in the framework of new exchanges.

TOMORROW: Scottish TUC annual conference in Perth (until Friday). Main opposition Democratic Progressive Party in Taiwan is expected to hold a major demonstration to demand democratic reform.

MONDAY: Expo '92 exposition opens in Seville (until October 12). NASUWT annual conference in Scarborough (until Thursday).

TUESDAY: IMF/World Bank spring meeting in Washington (until April 28). Mr Jacques Delors, president of the European Commission, and Mr Anibal Cavaco Silva, prime minister of Portugal, will meet Mr George Bush, US president, in Washington. Meeting of Mr Alois Mock, Austrian foreign minister, and Mr Franz Andriesssen, European Community external affairs commissioner, expected to focus on Austria's application to join the European Community.

WEDNESDAY: The Welsh Office publishes the index of production and construction for Wales (fourth quarter). Major British banking groups issue monthly statement (March). Bank of England issues provisional estimates of monetary aggregates (March). New round of Mozambique peace talks due to start in Rome.

THURSDAY: Publication of British Chambers of Commerce economic survey (first quarter). US jobless claims; durable goods orders (March). Annual meeting of British Petroleum.

FRIDAY: Central Statistical Office publishes balance of payments current account and overseas trade figures (March) and retail sales (March - provisional). The prime ministers of the Commonwealth of Independent States are expected to meet in Kishinov.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

Thursday April 16 1992

Yield % Div Yield % P/E Ratio 1992 w/ Adj to date Index No.

Index No. Index No. Index No. Index No. Index No. Index No.

Highs and Lows Index

Figures in parentheses show number of stocks per sector

Index No. Day's Change % Yield % Div Yield % P/E Ratio 1992 w/ Adj to date Index No.

Index No. Index No. Index No. Index No. Index No. Index No.

1992 Since Comp. Date High Low High Low

1 CAPITAL GOODS CLY99 863.45 10.8 7.18 5.39 18.16 10.84 266.68 864.72 836.04 868.17 845.45 14.4 279.78 162 1038.07 157/87 50.71 13.25/74

2 Building Materials 222 1093.74 10.2 8.71 8.71 22.82 9.16 973.30 1067.69 951.26 1033.75 958.34 16.4 267.85 196 1021.21 1081.07 47.87 50.27 11.25/74

3 Construction 122 1093.74 10.2 8.71 8.71 22.82 9.16 973.30 1067.69 951.26 1033.75 958.34 16.4 267.85 196 1021.21 1081.07 47.87 50.27 11.25/74

4 Consumer Goods 142 1093.74 10.2 8.71 8.71 22.82 9.16 973.30 1067.69 951.26 1033.75 958.34 16.4 267.85 196 1021.21 1081.07 47.87 50.27 11.25/74

5 Electronics 259 1081.71 10.4 9.56 9.56 22.56 1074.37 1084.96 1065.26 1083.90 4.13 1850.93 14.4 250.80 147 130 2308.22 193 109 1229.01 8.10 10/85

6 Engineering-Aerospace 281 1081.71 10.4 9.56 9.56 22.56 1074.37 1084.96 1065.26 1083.90 4.13 1850.93 14.4 250.80 147 130 2308.22 193 109 1229.01 8.10 10/85

7 Engineering-General 142 1081.71 10.4 9.56 9.56 22.56 1074.37 1084.96 1065.26 1083.90 4.13 1850.93 14.4 250.80 147 130 2308.22 193 109 1229.01 8.10 10/85

8 Metals and Metal Forming 82 1075.82 10.8 8.00 8.00 21.51 6.61 521.78 509.83 496.47 525.56 16.4 255.53 2.1 152.46 164 172 339.57 233 271 95.67 9.10/87 95.65 6.1 1/75

9 Motor Cars 116 1075.82 10.8 8.00 8.00 21.51 6.61 521.78 509.83 496.47 525.56 16.4 255.53 2.1 152.46 164 172 339.57 233 271 95.67 9.10/87 95.65 6.1 1/75

10 Other Industrial Materials 69 1075.82 10.8 6.96 6.96 4.72 17.40 321.00 317.37 312.59 315.82 16.4 347.78 107 102 411.42 13.10/87 19.91 6.1 1/75

11 Textiles 222 1075.82 10.8 6.96 6.96 4.72 17.40 321.00 317.37 312.59 315.82 16.4 347.78 107 102 411.42 13.10/87 19.91 6.1 1/75

12 Consumer Goods 228 1071.91 0.5 7.04 3.32 11.41 17.00 173.00 175.74 181.00 187.00 54.9 172.00 55.4 172.00 104 1881.53 188.10 277.55 150 1/81

13 Breweries and Distillers 249 1071.91 0.5 7.04 3.32 11.41 17.00 173.00 175.74 181.00 187.00 54.9 172.00 55.4 172.00 104 1881.53 188.10 277.55 150 1/81

14 Food Manufacturing 117 1275.42 4.02 8.51 4.07 17.10 1228.74 1260.63 1250.50 1285.63 1287.43 16.4 2121.43 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

15 Food Retailing 118 1275.42 4.02 8.26 8.26 15.56 6.09 1249.90 1250.63 1250.50 1285.63 1287.43 16.4 2121.43 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

16 Transport and Manufacturing 142 1096.53 10.2 12.51 12.51 21.25 12.51 12.51 12.51 12.51 12.51 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

17 Hotels and Leisure 220 1096.53 10.2 12.51 12.51 21.25 12.51 12.51 12.51 12.51 12.51 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

18 Media 250 1096.53 10.2 12.51 12.51 21.25 12.51 12.51 12.51 12.51 12.51 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

19 Petrol Gas & Filling Stations 71 1096.53 10.2 12.51 12.51 21.25 12.51 12.51 12.51 12.51 12.51 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

20 Miscellaneous 221 1096.53 10.2 12.51 12.51 21.25 12.51 12.51 12.51 12.51 12.51 16.4 245.47 124.12 102 1287.42 141.72 12.25/74

21 All Shares 1453 10.0 7.04 3.32 11.41 17.00 173.00 175.74 181.00 187.00 54.9 172.00 55.4 172.00 104 1881.53 188.10 277.55 150 1/81

22 Industrial Group 1453 10.0 7.04 3.32 11.41 17.00 173.00 175.74 181.00 187.00 54.9 172.00 55.4 172.00 104 1881.53 188.10 277.55 150 1/81

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar struts on empty stage

THE dollar stole the lime-light from a sleepy pound as strong economic statistics gave the US currency an afternoon boost, writes Peggy Hollister.

The dollar closed at DM1.6730, after hitting a high of DM1.6730, on an quiet day as traders prepared for the Easter holidays.

The US currency had opened stronger in London due to continuing uncertainties surrounding the Libyan and Russian situations. However, it was further strengthened by surprisingly good trade figures which showed the merchandise deficit had fallen to the lowest level in almost nine years - from \$5.2bn in March to \$3.4bn in February.

There was more good news for the dollar in the weekly jobless claims which fell by 18,000 to 415,000. A mere 2,000 drop had been expected.

"Both figures were interpreted as adding fuel to the

recovery story," said Dr Gerard Lyons of DKB International. He added, however, that some traders thought the figures out last week showed recovery would still be sluggish. "It is nothing to get too excited about just yet."

The dollar strengthened against most currencies, barring the yen, where it weakened from Y133.45 to Y133.40. Leaks from Japan surrounding the forthcoming G7 meeting implied that the US would seek a relaxation of fiscal policy while, in return, the Yen dropped from FFR3.3622 to FFR3.3600.

Sterling continued to keep its head above DM2.81 in thin European trading. Dealers said there was still strong underlying demand for the pound and most looked for the currency toudge the DM2.95 barrier soon.

The Swiss franc won some unwanted attention for its sharp decline against European currencies. The D-Mark took gains, climbing from 92.04 centimes to 92.56 centimes.

C IN NEW YORK

As 16	One	Previous
E Spot	1.7485 - 7455	1.7505 - 7205
1 month	1.694 - 9200	1.694 - 9200
3 months	1.684 - 8700	1.684 - 8700
12 months	1.652 - 8700	1.652 - 8700

Forward premium and discount apply to the 05 dollar

STERLING INDEX

As 16	Apr 16	Previous
820	91.7	91.8
910	91.7	91.8
1000	91.7	91.8
1100	91.7	91.8
1200	91.7	91.8
1300	91.7	91.8
1400	91.7	91.8
1500	91.7	91.8
1600	91.7	91.8
1700	91.7	91.8
1800	91.7	91.8
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2200	91.7	91.8
2300	91.7	91.8
2400	91.7	91.8
2500	91.7	91.8
2600	91.7	91.8
2700	91.7	91.8
2800	91.7	91.8
2900	91.7	91.8
3000	91.7	91.8
3100	91.7	91.8
3200	91.7	91.8
3300	91.7	91.8
3400	91.7	91.8
3500	91.7	91.8
3600	91.7	91.8
3700	91.7	91.8
3800	91.7	91.8
3900	91.7	91.8
4000	91.7	91.8

CURRENCY MOVEMENTS

As 16	One	Month	Year	%	One	Month	Year	%
US	1.7485 - 7455	1.7505 - 7205	1.7505 - 7205	0.00	1.694 - 9200	1.694 - 9200	1.694 - 9200	0.00
UK	1.625 - 625	1.625 - 625	1.625 - 625	0.00	1.595 - 595	1.595 - 595	1.595 - 595	0.00
Canada	1.615 - 615	1.615 - 615	1.615 - 615	0.00	1.585 - 585	1.585 - 585	1.585 - 585	0.00
Australia	1.605 - 605	1.605 - 605	1.605 - 605	0.00	1.575 - 575	1.575 - 575	1.575 - 575	0.00
New Zealand	1.595 - 595	1.595 - 595	1.595 - 595	0.00	1.565 - 565	1.565 - 565	1.565 - 565	0.00
Belgium	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Denmark	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Ireland	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Italy	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Greece	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Switzerland	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
France	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Switzerland	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Denmark	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Italy	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Italy	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Portugal	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
Spain	1.585 - 585	1.585 - 585	1.585 - 585	0.00	1.555 - 555	1.555 - 555	1.555 - 555	0.00
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LONDON STOCK EXCHANGE

Market fails to conquer new peak

By Peter John

THE LONDON stock market's phenomenal run finally lost its energy on Thursday as tired traders looked towards the Easter break rather than back at the Conservatives' general election win.

Early hopes that the FTSE Index of the 100 biggest stocks would breach its all-time high faded as the day wore on. International investors, who have been pouring money into London for the past week, took a back seat and Wall Street came off its record high. That lack of support and a more cautious view from the futures markets ensured that the Footsie closed 1.6 off at 2,638.6.

Turnover remained significant, but the final figure of

Account Dealing Dates

First Dealings	May 1	May 11
Option Dealings	Apr 27	May 7
Last Dealings	Apr 29	May 8
Account Dates	May 1	May 12
Next dealing date	May 13	May 15

"Investors' confidence seems to have been lost," said one London-based manager.

97.4m shares traded slightly less impressively once the Footsie opened 27.5 points higher. It moved up a further 5 points within the first few minutes of trading. Then, as with the Labour party's hopes on April 9, although signs were encouraging the support was lacking.

Commentators are now expecting the market to pause for breath and possibly drift back.

Optimism for a record-breaking burst seemed well founded when the day began. On Wednesday night, the FTSE

future contract for June delivery closed 26 points above its estimated fair value, the premium that takes into account dividends and carrying costs. Then, on Wall Street, the Dow Jones moved up more than 47 points to close at a new high.

On Thursday, London marketmakers adjusted their prices accordingly and the Footsie opened 27.5 points higher.

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The market received further pressure from the performance of gilts which fell heavily and short-term, which was also off a few points.

It seemed that a rise of some 280 points within six trading days was too much to cope with and analysts said that, while the market has obviously entered a new era following the general election, it could slip back another 80 points before regaining its strength.

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A sober trading assessment for BP by chairman Robert Horton revealed little new for analysts to chew over at the group's agm on Thursday. Mr John Toftaker at Strauss Turnbull said that he believed the "realistic" summation pointed to the group preparing the ground for a dividend cut later this year. BP shares rose 2 to 25p.

While residents may be in short supply, investors were visiting the hotel sector in great numbers following Forte's results on Wednesday. Some analysts believe the stock to be overpriced, Mr Paul Slattery at Kleinwort said: "It will take the company at least two years to get back to the level of earnings of last year. Investors should reduce their exposure." But Forte remains popular with institutions, with 5m shares traded and the price unmove at 254p.

Overseas buying of British Steel left the shares 5 up at 75p. Bid talk was again heard around Dowty Group, where the shares gained 6 to 229p.

A maintained dividend, despite a fall in half-year profits, helped Hunting rise 8 to 175p.

News of a £15m contract from the German Ministry of Defence helped Howden Group firm 2 to 61p.

Rumours that Hanson is about to sell its 2.8 per cent stake in ICI, thus strengthen-

ing its war chest for its long-awaited bid, was not taken seriously in the market. ICI's fall of 2 to 134p was attributed more to general weakness in the market. Hanson eased a halfpenny to 235p.

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Diggs group Fisons rose 15 to 384p in good volume of 4.7m. One analyst said that the rise was largely attributable to continued bid speculation and also anticipation of a favourable visit to the group's Holmes Chapel facility next week by US Food and Drug Administration.

Dealers said the switching started on Wednesday with sellers concentrating on Merck, the US drugs giant. Glaxo, whose shares are 27 per cent owned by US investors in the form of American Depository Receipts.

Dealers said the switching started on Wednesday with sellers concentrating on Merck, the US drugs giant. Glaxo, whose performance in the US tends to mirror Merck's, also weakened. In London, on Thursday, the shares slipped 2 to 78p with a brisk 4p traded.

Tate & Lyle gained 6 to 162p, as the shares caught up after underperforming the market by about 12 per cent over the last three months. Mr Carl Short, food manufacturing analyst at Nomura, said the market is likely to show a downturn in earnings for the year ending in September, but is

expected to bounce back.

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NEW HIGHS AND LOWS FOR 1992



RISES AND FALLS THURSDAY

	On Thursday	On Friday	On the week	On the month
British Funds	21	41	16	73
Other Fixed Interest	2	5	10	22
Commercial, Industrial	544	148	765	2,099
Financial & Property	221	62	497	3,221
Plants, Mines	23	9	99	47
Others	22	49	85	114
Totals	963	322	1,454	3,850
	1,307	5,792		

COMMODITIES

WEEK IN THE MARKETS

Gold slides to fresh 6-year low

THE GOLD price slipped to a fresh six-year low of \$336.80 a troy ounce at Thursday morning's London bullion morning fixing, catching up with a heavy overnight sell-off in New York. But the New York opening found the gold market cautiously firmer, as holders of short positions covered ahead of the long holiday weekend, and by the close the London price had edged up to \$336.85 an ounce, down \$4.55 since the end of last week.

The gold market had begun the week in a mildly bullish mood as buying was encouraged by news of the Russian cabinet's resignation offer. But the rise quickly ran into a wall of short positions covered ahead of the long holiday weekend, and the London price ended the day 40 cents down. Dealers thought at the time that the market was likely to hold above \$338 an ounce ahead of the Easter break. But on Tuesday it dropped under the weight of fresh profit-taking after US retail sales figures proved to be no better than expected. And with concern for the stability of the Yeltsin regime continuing to ease, Wednesday saw the breach of the \$338-an-ounce level.

Dealers were not too downhearted, however, about the

short-holiday prospects for the gold market. Most thought it was close to bottoming out and some said at \$335 an ounce. That might be followed by a short-run rally, they said, helped by the East buying and a pick-up in demand from the jewellery business.

Platinum and silver prices were also under pressure this week, the former - which ended \$5 down at \$445.60 an ounce - from further bouts of Japanese selling. The London cash silver price ended poised precariously at the psychologically significant \$4-an-ounce level, down 15 cents on balance. Traders thought a breach of that level could quickly signal a further 10-cent loss for silver and a move into an area where speculative interest might evaporate.

Most London Metal Exchange base metals contracts gained ground on Thursday, but only nickel, zinc and copper finished with net gains on the week. In the copper market, the three-month position closed at £1,291.50 a tonne, up £11 on the week. Earlier it had dipped to £1,270 a tonne before bouncing on news of a sub-level closure because of rock falls at Chile's giant El Teniente mine, although Codelco, the state company

that runs the mine, said overall output would not be affected.

The worries about the stability of the Russian administration also lifted aluminium prices, which ended 10 cents higher.

In the cocoa market too, it was activity in New York that sparked a heavy fall on Thursday. London's July futures price fell \$1.25 yesterday to \$261 a tonne, down \$15 on the week. Traders attributed the US selling to liquidation by long holders at the near May position approached the start of its expiry period. Earlier London prices had been steady by an unexpectedly big 21 per cent rise in UK first quarter bean grindings. A 212 per cent rise was reported yesterday for the Dutch grind, but analysts thought the figure was inflated by under-reporting in the corresponding period last year.

Talks on a new international cocoa agreement with economic clauses begin in Geneva after the holiday, but serious negotiations still seem some way off and traders were not pinning any great hopes on bullish developments. "We should clear the ground for serious negotiations on the withholding scheme," the German delegate to the International Cocoa Organisation said yesterday.

Richard Mooney

Street began to drift. Turnover was the highest it had been all week, suggesting that customer retail business could have been above Wednesday's £1.65bn. However, investors were far more selective than previously and some were beginning to take profits or certain stocks.

The market received further pressure from the performance of gilts which fell heavily and short-term, which was also off a few points.

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A sober trading assessment for BP by chairman Robert Horton revealed little new for analysts to chew over at the group's agm on Thursday. Mr John Toftaker at Strauss Turnbull said that he believed the "realistic" summation pointed to the group preparing the ground for a dividend cut later this year. BP shares rose 2 to 25p.

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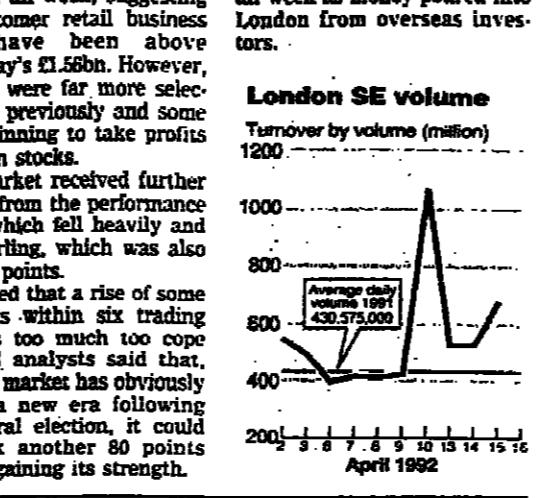
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London SE volume

Turnover by volume (million)



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FINANCIAL TIMES STOCK INDICES

	Apr 15	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Year Ago	High	Low	Since Completion

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ASIA PACIFIC

Arbitrage-unwinding depresses Nikkei

Tokyo

PROFIT-TAKING and arbitrage-unwinding caused the Nikkei average to fall for the first time in four days, writes *Emiko Terazawa* in Tokyo.

The 255-issue average, which rose 11.75 on Thursday to 17,569.76, closed down 379.07 at 17,580.65 yesterday, a fall of 1.5 per cent on the week. The index traded between 18,122.29 and 17,763.27 on Thursday. Yesterday, the Nikkei opened at the day's high of 17,916.90 and fell to the day's low of 17,490.06 in the afternoon.

Volume declined to 306m shares from 380m on Thursday when overseas investors placed orders before Easter.

The rise on Thursday was supported by 734 gainers, while 231 issues fell and 97 were unchanged. However, declines led advances yesterday by 650

to 289, with 165 issues unchanged. The Topix index fell 15.96 to 1,321.41 after Thursday's advance of 15.33 to 1,337.37.

Large-lot index-linked sell orders by a leading Japanese broker depressed the market. Traders said that while investors were willing to buy stocks at lower levels, most refrained from buying around 18,000. "A lot of domestic institutions saw the near-term resistance level at 18,500," said Mr Masami Okuma, at UBS Phillips & Drew.

High-technology issues, which were firm on Thursday by pension funds and foreigners, fell back. Toshiba fell 95 to 1,860 and Hitachi retreated 78 to 1,832. Machinery stocks, which advanced on Thursday, had a month-on-month rise in March machinery orders, also lost ground.

Roundup

Some Pacific Rim markets were open yesterday. On Thursday, the region was

mostly firmer, but in Bombay, brokers boycotted trading to protest against a rise in registration fees.

SEOUL saw early buying peter out. The composite index rose 0.29 to 575.75, up 0.8 per cent on the week, after rising 7.64 to 575.83 on Thursday.

HONG KONG's Hang Seng

index gained 56.58 or 1.4 per cent to 3,982.69 on Thursday, up 0.2 per cent on the week.

Turnover rose to HK\$1.7bn

Bt6.03bn. On Thursday, the SET index fell 1.69 to 810.12.

KUALA LUMPUR ran into profit-taking after Thursday's climb. The composite index eased 0.08 to 575.75, up 0.8 per cent on the week, after rising 7.64 to 575.83 on Thursday.

WON 336.30m after

WON 14.6bn. On Thursday,

the index rose 9.23 to 587.33 on

rumours that the government might provide more loans to investment trusts.

TAIWAN gave up some of Thursday's gains on political worries. The weighted index fell 35.30 to 4,503.22 down 1.3 per cent on the week, after rising 56.42 to 4,538.52 on Thursday.

Turnover fell to T\$14.3bn from T\$14.68bn.

SANGKOK was lifted by Bangkok Land which recovered Bt11 to Bt17 after losing Bt17 in the previous two days.

The SET index ended 12.76

higher at 822.88 on turnover of

0.4 per cent on the week.

AMERICA

Triple-witching hour lifts Dow to new high

Wall Street

AFTER five days of solid gains, US stock markets appeared to be running out of steam on Thursday, although late buying linked to the expiration of stock index options and futures lifted shares to new highs, writes *Patrick Harrison* in New York.

At the close the Dow Jones Industrial Average was up 12.74 at 3,365.50, having spent all but the last few minutes of the day's trading only a few points either side of opening values.

The more broadly based Standard & Poor's 500 ended lower, down 0.27 at 416.01, while the Nasdaq composite of over-the-counter stocks gave up 8.32 at 591.81.

Europe

Milan shrugs off De Benedetti news

MOST BOURSES were closed for Easter yesterday, with the exception of Milan, while Madrid, Oslo and Copenhagen were also closed on Thursday. The Spanish market will be open on Easter Monday, writes *Our Markets Staff*.

MILAN extended Thursday's gains on the second day of the new account. The Comit index rose 4.57 to 507.53, a gain of 1.3 per cent on the week, after rising 3.47 to 503.01 on Thursday.

Turnover fell to around Ls8m from Thursday's L78m.

Shares controlled by Mr Carlo De Benedetti recovered from Thursday's falls, caused by the unexpected news that he had been sentenced to more than six years in jail for his involvement in the 1982 bankruptcy of the former Banco Ambrosiano.

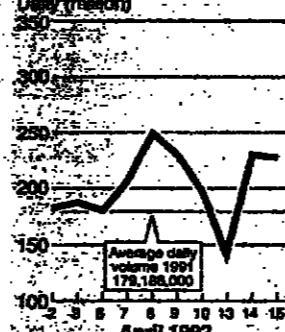
Olivetti gained Ls5 to Ls2,660 after dropping Ls75 and 2.7 per cent to Ls2,805 on Thursday. Cum-gained Ls1 to Ls583 after falling 1.2 per cent or Ls1 to Ls507 the previous day.

Several large block trades in Euronimobiliare, San Paolo and Atena were reported on Thursday.

PARIS flirted with the 2,000 level on the CAC-40 index on Thursday before falling back on profit-taking. The CAC-40 went as high as 2,000.58 before closing 12.48 lower at 1,978.21.

Peugeot fell FF119 to FF173 as investors were disappointed

NYSE volume



added to the Dow.

General Motors featured with a gain of 3/4 to \$42 1/4 in turnover of 4m shares on reports that the giant car man-

ufacturer might post a modest profit for the first quarter. GM lifted the other car stocks, with Ford adding 3/4 to \$42 and Chrysler firming 3/4 to \$18 1/4, both in heavy trading.

Once again the big, cyclical stocks enjoyed some of the biggest gains. Alcoa rose 2 1/2 to \$78 3/4, United Technologies jumped 2 1/2 to \$56, General Electric added \$1 to \$78 1/4 and Alitalia Signal rose 1 1/2 to \$59 1/4.

On the over-the-counter market, Centocor again took a beating, losing \$2 1/2 at \$15 in turnover of 8m shares as investors continued to react negatively to the news that the Food and Drug Administration would not approve the company's Cetoxin drug for the treatment of septic shock.

Centocor's problems spread

to other bio-tech stocks. Somatogen ended down \$2 1/2 at \$21 1/2, Biogen slipped 2 1/2 to \$21 1/4, Immunex fell 1 1/2 to \$23 1/4 and Amgen finished down \$2 1/2 at \$21.

The big computer technology stocks also gave up ground, with Microsoft, Wednesday's best performer, falling 1 1/2 to \$127 1/4, Intel dropping 1 1/2 to \$32 1/4 and Apple closing 1 1/2 lower at \$59.

Canada

TORONTO stocks ended mixed on Thursday as trading slowed below the three-day weekend. The TSE 300 composite index rose 3.8 to 3,815.1.

Declines led advances by 270 to 260 on volume of 20.2m shares valued at C\$349m.

SOUTH AFRICA

GOLD shares in Johannesburg lost 2.2 per cent on Thursday as the billion price fell to a six-year low. The gold index was down 24 at 1,019, the overall index eased 9 to 3,352 but industrial rose 6 to 4,183. The market was closed yesterday.

Wolters Kluwer was F11 stronger than F11.75 following its forecast of stronger profits growth.

There was little reaction to ING's announcement that it expects profits this year to match in 1991 results. Shares in the banking and insurance group slipped 30 cents to F11.60.

Borsumini slipped back F11.40 to F11.82 following its confirmation earlier in the week of a 70 per cent decline in 1991 net profit. The trading group is anticipating an improvement in 1992 earnings.

Unilever improved further, rising F11.00 to F11.50.

STOCKHOLM closed higher in thin, pre-holiday trade on Thursday. The Affärsvärlden general index rose 4.9 to 982.8 up 1.4 per cent on the week, as turnover fell to SKR378m from SKR375m.

THE real estate and construction sector jumped 2.6 per cent, following SKR7 gain to SKR118 in Skanska B shares after the company indicated an improvement in profit in the current year.

BRUSSELS fell from Thursday's high on late profit-taking. The Bel20 Index ended up 4.56 at 1,186.17, up 1.5 per cent on the week. The pharmaceutical group UCB climbed BF1350 or 2.5 per cent to BF122,300.

AMSTERDAM closed mixed

Resurrection of optimism as recession is receding

The Australian market is ready to advance after a poor showing in the last quarter, says Kevin Brown

Bt6.03bn. On Thursday, the SET index fell 1.69 to 810.12.

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THE AUSTRALIAN Stock Exchange has suffered a severe attack of vertigo over the last three months, wiping out the modest gains made during November in November and January.

But brokers remain confident that a substantial advance is likely over the remainder of the year as the domestic economy recovers from recession.

SINGAPORE'S Straits Times Industrial index put on 16.29 or

1.2 per cent to 1,410.61 on Thursday, up 2.2 per cent on the week. Volume rose to 42,46m shares from 31,76m.

NEW ZEALAND's NZSE-40 index rose 13.35 to 1,410.63, up

0.4 per cent on the week.

Turnover rose to HK\$1.7bn

HK\$1.7bn on Thursday on

turnover of 12,100m shares.

Source: Datamonitor

als, for example, jumped by 13.7 per cent in February, and the widely watched Westpac-Melbourne Institute index of consumer sentiment has improved by 21 per cent since January.

In addition, a A\$2.3bn public spending stimulus announced in February should shortly begin to have an impact on the depressed construction sector.

A slow recovery is taking place in the rural sector – still an important export industry – and some analysts say there is substantial potential for a significant improvement in the resources sector as base metals producers reap the benefits of forecast falls in inventories of metals such as copper, lead and tin.

Both farm producers and miners will be helped by a fall in the value of the Australian dollar, which is trading at around 76 US cents, compared to a peak of more than 80 cents in September.

Most economists believe improvements in commodity prices will continue to prop up the Australian dollar, in spite of a fall in official interest rates to 7.5 per cent from a peak of 15 per cent in late 1989.

Many think the resilience of the dollar, combined with a fall in inflation to 1.5 per cent, has opened the way for a further 0.5 per cent cut in official rates in the next few months.

The bond markets have begun to reflect that view in recent weeks, pushing short-term bills down to 7.3 per cent.

All these factors should add up to a return to sufficient growth to guarantee the formal end of the recession when the March quarter figures are released in June.

If that happens, it may be enough to trigger a recovery in confidence, which many brokers feel would propel the index towards the elusive 1,800 barrier. But after the disappointments of the last couple of months, few investors will be willing to bet their shirts on it.

LONDON SHARE SERVICE

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

Oil & Gas - Cont.

PACKAGING, PAPER & PRINTING - Cont. **STORES - Cont.**

STORES - Cont.

MINES - Com

Page 3

London Share Prices
London share prices are available on F
Cityline. Calls charged at 48p per minute
peak and 38p off peak, inc VAT.
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MARKETS

London Markets

A curious lack of enthusiasm

By Peter Martin,
Financial Editor

When the Birmingham and Midland Bank started business in the summer of 1836, it began the longest unbroken history as a shareholders' company of any of the English clearing banks. That history is now, it seems, drawing to a close. Midland Bank, as it is known these days, has agreed to be taken over by a bank thirty years its junior, the Hongkong and Shanghai Banking Corporation.

Tuesday's £3.1bn bid for Midland by HSBC Holdings, the Hongkong Bank's parent company, may not succeed: shareholders may decide not to follow their board's advice to sell out, and there is also the possibility of a counter-bid by Lloyds. Still, the odds currently favour the Hongkong bid.

There has been something a bit odd, however, about the events surrounding this week's announcement of the terms of the

bid. Mr Brian Pearce, the ex-Barclays man who has been Midland's chief executive for a year, said all that was proper as he endorsed the Hongkong offer.

It was clearly the right thing to do, he said, adding that he was personally excited by the challenge of making the takeover work. Seldom has anyone so excited sounded quite so mournful, however.

The lack of enthusiasm shown all round - by the KIO in selling its stake; by the market in pushing Midland's share price away from the offer rather than towards it; by Lloyds in not snapping up the KIO stake - is curious. The two alternative futures for Midland, after all, are genuinely exciting ones. If the Hongkong bid prevails, Midland will form part of a big new London-based banking group, a significant addition to the FTSE; if Lloyds were to bid, win, and pass the regulators' scrutiny, the acquisition and dismemberment of Midland would transform the UK banking sector. Either way, there is a lot at issue for investors. You would be hard put to

tell by watching the stock market, however.

Perhaps portfolio managers have been too busy watching the FTSE to pay attention to its constituents. On Thursday morning, the index touched 2673.4, only six points away from its all-time closing high of 2679.6, set in September 1991. It dropped back in the course of Thursday, however, to close at 2638.6, a 66-point gain since the previous Friday and a 202-point rise since the Conservative election victory.

Potential enthusiasm does not explain all this rise. Investors have obviously been allowing themselves to believe that the economic recovery, signalled by a few indicators earlier in the year, is at last under way. February figures for industrial production, published on Tuesday, showed a rise of 1.1 per cent, well above economists' expectations. The seasonally adjusted index of manufacturing output is now back at levels last seen in the autumn.

On Friday, the statisticians reported that the number of people out of work at any time had risen by one million since the recession started. But the figures also provided some glimmer of hope: seasonally adjusted unemployment in March rose by 7,400, the smallest monthly increase since unemployment started rising in May 1990. In the three months to February, the average increase in unemployment was over 42,000.

The enthusiasm for shopping and house-hunting displayed over the four-day Easter weekend will provide a guide to whether those economists expecting essentially flat output this year are right; or whether the correct answer

lies with those who expect at least 1½ per cent gdp growth as the pent-up demand of consumers spills into the High Street.

The shopper with the Visa card was not urged on, despite some market expectations to the contrary, by a cut in official interest rates. Short term interest rates firmed very slightly in the course of the week, with the rate implied by the short sterling futures contract rising from 10.03 per cent at Friday's close to 10.20 by the end of Thursday. The pound clambered creakily off the floor of the ERM, potentially increasing the latitude for a lower base rate. But many did not ignore equities altogether. For periods of a decade or more, they beat building society returns by a street.

It is one thing to decide to invest in shares; quite another to know how to go about it. Over the next few pages, we suggest both the practicalities and a variety of strategies for stock picking.

Picking your own stocks probably requires an equity portfolio of at least £10,000 and many would argue that £25,000 or more is required. For those with less than that sum, or those who do not want the aggravation of making their own stock selections, an investment or a unit trust is the sensible route into equities.

Results reported this week included some dreadful figures and write-offs from big construction groups. Tarmac's pre-tax profits for 1991 fell nearly 90 per cent to £21m, and the company cut the final dividend to 8½p from 8½p.

Mowlem's full-year profits fell from £34m to £3m before tax. It cut the final dividend from 15.45p to 4.85p, though the company's chairman, Sir Philip Beck, sounded encouraging about the outlook. Taylor Woodrow, under a new chairman, reported a loss before tax of £2.7m, against a profit of £8.4m a year ago. The company is pulling out of US contracting, and has cut 600 jobs.

Higgs and Hill reported the worst figures, a 1981 loss of £16.7m, against profits of £6.8m the year before. But its chief executive, Mr John Thackston, offered the best summary of the past year: "It's not been a lot of fun out there," he said.

MANY PRIVATE investors will be disillusioned with shares. If they were stuck in at the top of the bull market in 1987, they will still have seen only a small profit after five years.

Of course, many will have sold out immediately after the Crash, at a loss, and vowed never to touch equities again.

Now there are some interesting alternatives to shares, such as National Savings and index-linked gifts. But for those who intend to live off their savings for a long period, history shows that it would be foolish to ignore equities altogether.

For periods of a decade or more, they beat building society returns by a street.

The point here is that the market value of investment trusts and the value of their portfolios are not the same thing. The price of investment shares is set by supply and demand, and can move up and down even though the assets in the portfolio are unchanged.

Traditionally, the value of the investment trust shares has been lower than that of the portfolio. In the jargon, the shares trade at a discount. Say the trust had 100 shares and assets of £100m. Assets per share would be 100p, but the share price might trade at 80p, a discount of 10 per cent.

It is one thing to decide to invest in shares; quite another to know how to go about it. Over the next few pages, we suggest both the practicalities and a variety of strategies for stock picking.

Picking your own stocks probably requires an equity portfolio of at least £10,000 and many would argue that £25,000 or more is required. For those with less than that sum, or those who do not want the aggravation of making their own stock selections, an investment or a unit trust is the sensible route into equities.

In the last financial year, investment trusts were the fashionable vehicle. Investors seized the chance to put £6,000 into new issues and qualify for the full Personal Equity Plan allowance, while existing trusts were limited to £3,000; 21 trusts raised a total of £760m.

This was a classic case of tax relief distorting a market, rather than life assurance premium relief once steered investors towards endowments. Now that the distortion has been removed, and the political prospects for the next five years are stable, it may be a time for a rethink of some of last year's investment decisions.

Broker Credit Lyonnais

Losing, in its new yearbook for

Serious Money

Putting the case for equities

By Philip Coggan, Personal Finance Editor

shares in a conventional investment trust at a discount? As Walls expresses it, the investor knows "that over the remaining life of the trust, the market value of the package has to underperform the underlying assets of the trust".

There was a sensible reason for buying such trusts last year, when the new issue was the only way of getting a tax-free £6,000 portfolio. I felt at the time that the M&G Income Trust had attractions, since it offered a 6.55 per cent tax-free yield, the equivalent of 10 per cent gross to top rate taxpayers.

The package shares now stand at 102p, slightly above the issue price of 100p. But they are trading at a premium to assets of 7 per cent. Now that the government has changed the rules, there is a case for transferring the sum into a conventional investment trust which is standing at a discount.

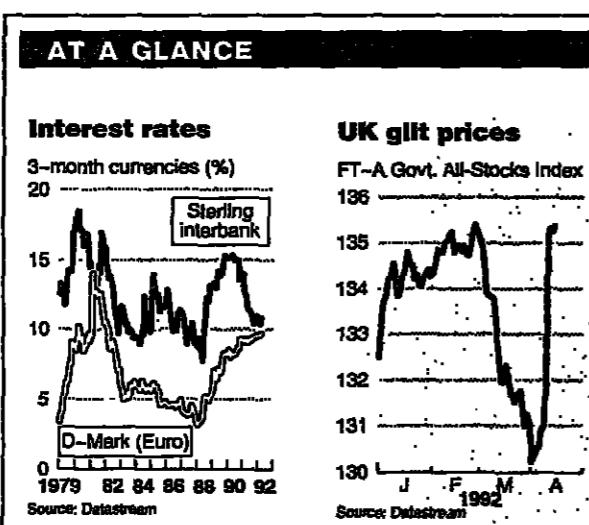
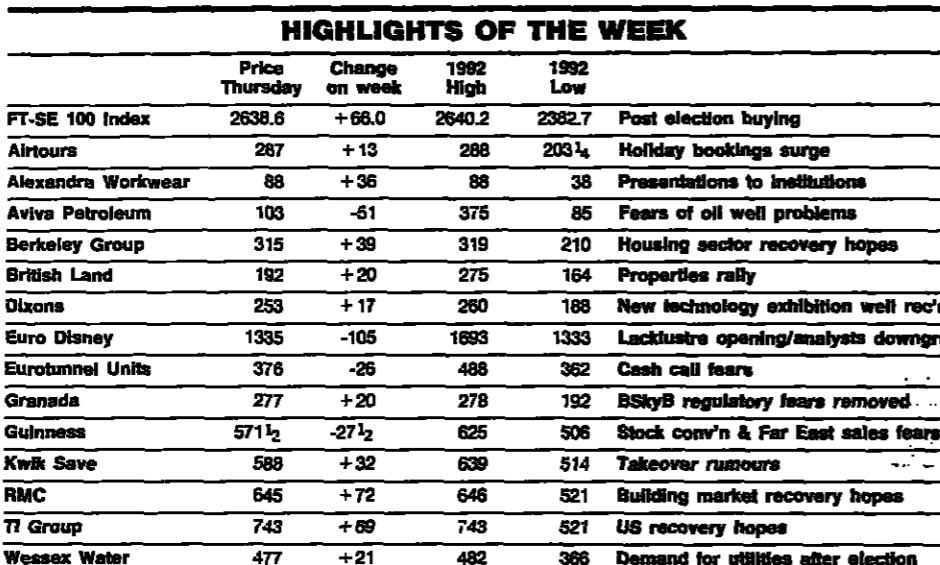
You might see a short term drop in income, depending on the new trust selected, but they are trading at a premium to assets of 7 per cent. Now that the government has changed the rules, there is a case for transferring the sum into a conventional investment trust which is standing at a discount.

The argument has been that by creating a split capital structure - issuing separate classes of shares for income and capital growth - trusts have increased overall demand for their shares and thus eliminated the problem of the discount. Walls argues that this might be an illusion. When one lumps all the split capital shares together, you end up with a conventional investment trust. This is especially true for investors who bought a package of split shares; they have the equivalent of an ordinary share in a conventional investment trust.

The conundrum therefore is: why own package shares in a split capital issue at a premium, when one can buy

the equivalent of an ordinary share in a conventional investment trust.

These arguments apply to all the new issues of last year which are on a premium, not just M&G Income. Changes in tax rules often require investors to be flexible about their portfolios.



Germany is key to rate cut

Hopes are high that the government can reduce interest rates following the re-election, but the key factor may be Germany. As the graph shows, the gap between UK and German interest rates is low by the standards of the last 13 years. Although UK inflation has fallen, it remains to be seen whether investors would accept a lower return on sterling than on mark deposits. Any substantial fall in UK rates may thus have to await action by the Bundesbank.

Gilt market glitters

The rise in gilt prices after the re-election of the Conservatives means that government bonds have recouped the losses they suffered during the run-up to the election and the Chancellor's surprise announcement of a £29bn borrowing requirement. Optimists now point to the 5.5 per cent gap between gilt yields and inflation; pessimists worry about the government's need to issue more and more bonds to repair its deteriorating finances.

Docklands EZT blow

There was more bad news for Docklands enterprise zone trust investors this week. Investors in PET 8, which owns Two Exchange Tower, have been asked to defer the rent they are owed. This rent is in many cases used to pay off the loans with which investors have funded their investment, and extra tax relief is available if this is done. Global Trust, the private property company formerly called Charter Group, guaranteed the income from its 250,000 sq ft office building, which is still only 40 per cent let. It has asked the trust's investors to defer the rent, which is £5m a year, until it has solved its liquidity problems by making a property sale.

China investment offer

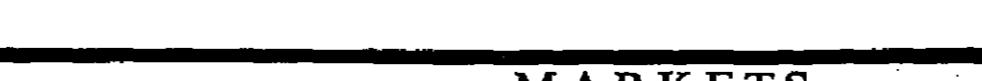
The chance to back the investment potential of China is on offer from an offshore fund being launched by Hainan Prolific. The Dublin-based China Opportunities fund will initially invest in companies quoted on the Hong Kong and other Asian exchanges, which have operations on the Chinese mainland. As the Chinese stock markets develop, the fund will widen its net. The minimum investment is £1,500 although the fund will be priced in dollars.

Irish Life equity offer

Irish Life has launched a guaranteed equity product. The Guaranteed Growth Account, available until July 31, promises to pay up to 120 per cent of the original amount invested on August 1 1997. However, if it manages to outperform this, investors will receive the full value of the increase. The sum guaranteed varies according to the time you make the investment, and the amount invested. To receive the full 120 per cent, you must invest at least £25,000 by May 1. Minimum investment is £2,000.

Correction

The David Harris who wrote last week's piece on waiver of dividends was not a regular contributor from Chancery Vellacott. He was, in fact, a practising barrister from 2 Temple Gardens, Temple, London EC4Y 8AY.



Announced its results a week earlier. Queens Moat's pre-tax profits down 62 per cent; earnings per share down 86 per cent. This year looks better, but not much. We are maintaining our dividend, but it is only 60 per cent covered by earnings. We are much too dependent on the UK and that will not change for at least five years.

No problem, says the City. We'll mark your shares up 40 per cent. This year looks better, but not much. We are maintaining our dividend, but it is only 60 per cent covered by earnings. We are much too dependent on the UK and that will not change for at least five years.

There cannot be many companies that investors treat with the same understanding as Forte, the hotels, contract catering and restaurants group, which reported full-year profits of £73m last Wednesday, down from £190m in 1990.

Compare Forte's rating with that of Queens Moat Houses, another hotel company, which

announced its results a week earlier. Queens Moat's pre-tax profits down only 39 per cent to £80.4m. The company survived the UK and US recessions by reducing its dependence on the British market, something Forte has been promising to do for some time. Queens Moat trades on a historic and prospective multiple of 10.

Hotel companies should be easier for investors to evaluate than organisations which manufacture pharmaceuticals or electronic devices. We have all stayed in hotels; we are in a position to evaluate the quality of service. The management's willingness or reluctance to negotiate a discount on the room rate and a quick glance at how many tables are full at breakfast should help us to decide well or badly the establishment is doing.

Forte and Queens Moat demonstrate the weakness of this common-sense approach. The market appears to have its own

reasons for favouring Forte and disliking Queens Moat. Some analysts say Queens Moat is out of fashion because the City does not like its depreciation policy. Other point to its frequent rights issues - seven since 1988.

Peter Joseph of Smith New

Court says that because Queens Moat has weathered the past year reasonably well

there is less scope for a spectacular recovery. Forte's poorer performance means the bounces back to health will be more impressive, although he warns that that is still some years off.

Paul Slattery of Kleinwort

Benson says the reason the two companies have such different ratings is that Forte simply has a better understanding

of how to handle shareholders. "Forte has spent a lot of time with shareholders - doing presentations, entertaining them, keeping them informed about what they are planning and what the potential outcomes are. About 15 per cent of Forte's shares are held by Scottish institutions, which are well-known for their long-term view." Many in the London market hold Forte as a core holding, as a long-term hold. Over the past year, as earnings have collapsed, there have been few sellers.

"Queens Moat, on the other hand, is still regarded, and still regards itself, as an emerging company," he says. The company spends less time explaining itself to its shareholders.

Slattery does not expect Forte's profits to justify its share price until the year to end-January 1995. That it is a long time to wait. The shares, in the meantime, are expensive for anyone wanting to invest in the company.

Michael Skapinker

FINANCE AND THE FAMILY

The O'Higgins road to riches

Philip Coggan tests an intriguing investment theory

PRIVATE investors are being told to buy shares, and now that the Conservatives have been re-elected they may be tempted to plunge into the stock market. But which shares should they buy?

A US fund manager has recently outlined a stock-picking theory which is beguilingly simple, appears to be remarkably profitable and also seems to work in the UK.

The theory, which appears in a US book¹ by money manager Michael O'Higgins, is designed to be easy for private investors to use. All you need is the share price pages of a newspaper, some patience, and an initial slug of capital.

Between 1973 and 1981, a portfolio chosen by the O'Higgins method produced annual average returns of 19.4 per cent, compared with 10.4 per cent from the Dow Jones Industrial Index.

So what is this apparently miraculous theory? All it involves is the 30 blue chip stocks that make up the Dow Jones Index. The constituents change only rarely; 12 remain from the original 1928 list.

O'Higgins suggests writing down the Dow stocks and checking, via a newspaper, the share prices and dividend yields. The first step is to circle the 10 shares with the highest yields. The next step is to tick off the five circled stocks with the lowest share prices. Those five shares form the portfolio for the year.

After one year, the whole exercise can be repeated. O'Higgins says you must be ruthless and sell stocks which no longer appear in the top five. If one of the selected stocks drops out of the index, it should be retained till the end of that year; but cannot qualify as one of the five stocks in subsequent years.

Now, the wise man is suspicious of such "wonder theories". On O'Higgins' figures, the strategy has not worked every year; only after a num-

ber of years do the advantages begin to tell. But why should it work at all?

In essence, it is just a variation on the age-old tactic of "value investing". The yield of a share is merely the dividend expressed as a percentage of a share price. If share prices fall while dividends are constant, the yield will rise. So a high yielding stock with a low price is almost certainly one which has seen a share price decline. One type of "value investing" is to choose such stocks on the grounds that the decline has been overdone.

This tactic is far from infallible. Of our four test portfolios started last July (see page IV), the high yield selection has done the worst. High yield comes at a prior high risk. In normal markets, if a share yields over 10 per cent, the chances are that many investors do not expect the dividend to be maintained, or paid at all, and some may fear that the company will go bust.

The O'Higgins method does not allow, in the calculations, for commissions, or taxes. I deducted 5 per cent a year for dealing costs from the returns achieved by the selected portfolio (no costs were taken from All-Share returns). On taxes, I did not deduct CGT but I did use the net, rather than gross, dividend yield.

The calculations were made by the simple method of looking up the share prices and yields in the first edition of the FT each year. Following the example of O'Higgins, I calculated the returns by adding the dividends for the year to the capital gain or loss, and expressing the result as a percentage of the original price.

So, if BT had been bought for £100, paid 5p in net dividends

Beating the All-Share

Value of a £10,000 initial investment

Investment value £ (000)



for the year, and was sold after one year for £110, the total return, before costs, would be 15 per cent.

The return for the All-Share was calculated by adding the yield on the All-Share at the end of the year to the percentage rise or fall in the index over the year. So if the index rose from 200 to 210 over the year, and the net yield at the end was 5 per cent, the return would be 10 per cent.

It also seemed sensible to limit the test to the years since 1973. This is long enough to test the theory but only covers Conservative administrations.

After following these conditions, the table and the graph show the results. The "fiver" portfolio of the high yield, low price FT 30 stocks lagged behind initially, but pulled ahead in 1983 and has stayed ahead ever since. A sum of £10,000 in 1979 would have grown, after all dividends had been reinvested, into more than £130,000 by the start of 1992 (an annual return of just under 22 per cent). The same sum invested in the All-Share would have grown to around £81,540 (an annual return of around 17.5 per cent).

Just in case dividend reinvestment is impractical, I also worked out the returns on a capital growth basis alone. The result is much closer (£68,151 versus £53,916) but the "fiver" portfolio is still ahead.

What stocks has this method chosen? In 1981, the five selected

names such as John Brown, Dunlop, UDS, London Brick and Alfred Pfeiffer. For 1981, the method picked out British Airways, GEC, Hanson, NatWest Bank and GKN.

Is the theory foolproof? Of course not. Just because it has worked to date is no guarantee that it will work in future. It is often the case that as soon as a pricing anomaly is discovered, and investors try to exploit it, it disappears. A FT 30 stock might collapse entirely (it happened to British Leyland); the stock market might have changed fundamentally after Britain's entry into the Exchange Rate Mechanism.

One should be particularly wary of assuming that the nominal returns achieved between 1979 and 1991 can be repeated. That seems highly unlikely, although real (after inflation) returns may still be healthy. The system is aiming to beat the All-Share rather than to produce any particular level of absolute return. But as in 1990, one can beat the All-Share and still lose money.

On average, one is required to sell three stocks each year. If more stocks are needed to be sold, or if the portfolio is lower than the suggested size of £10,000, costs may be higher than I have estimated.

In addition, you can see from the table that the system has outperformed the All-Share in eight years, and underperformed in five. The next two or three years may be underperformers.

Private investors will also be aware that broader diversification than just five stocks is generally agreed to be the best strategy. In summary, anyone tempted to try this system should be both patient and alert to the dangers.

Having said that, which stocks would the system select now? The FT 30 currently consists of: Allied Lyons, Asda, BICC, BOC, BT, Blue Circle, Boots, British Airways, British Gas, BP, BT, Cadbury Schweppes, Courtaulds, Forte, GEC, Glaxo, Grand Met, GKN, Guinness, Hanson, ICI, Lucas, Marks & Spencer, NatWest, P&O, Reuters, Royal Insurance, Smithkline Beecham, Tate & Lyle, and Thorn EMI.

Using Friday's FT, the ten constituents with the highest yields were: Asda (8.9), BP (8.7), BICC (7.9), P&O (7.5), Royal Insurance (7.5), Lucas (7.3), NatWest (7.3), GKN (7.0), British Gas (6.7) and Hanson (6.2). The five of those with the lowest share prices were: Asda (31.5), Lucas (12.9), Royal Insurance (20.1), Hanson (23.5) and BP (25.7).

There would be high risks attached to such a portfolio. Both Asda and Royal Insurance passed their final dividends recently, and the yields shown relate solely to the previous interims. This is not a selection for the cautious.

■ *Beating the Dow*, by Michael O'Higgins with John Downes, HarperCollins Publishers, 10 East 53rd Street, New York, NY 10022, US.

Directors' Transactions

READERS should note that this week's tally of sales and purchases is considerably shorter than the original version. The very high level of sales in particular caused us to raise the dealing size threshold from £10,000 to £40,000.

Nevertheless, the column

still provides an accurate reflection of the heavy bias towards selling in the run-up to the general election. Given the result however, next week may well see a sharp reversal in that trend.

Kevin McDonald, chairman

of Polyplike, sold 4.8m shares

at 86p in July last year and was

last week prompted to sell a

further 1m shares at 113p.

Polyplike is one of the few

building material companies to

have weathered this recession

and the share price performance has certainly reflected that.

Shares in City Centre

Restaurants, owners of the

Garfunkel chain, have almost

doubled since the dark days of

1990.

Private investors will also be

aware that broader diversification

than just five stocks is

generally agreed to be the best

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Boots, British Airways, British

Gas, BP, BT, Cadbury Schwei-

pes, Courtaulds, Forte, GEC,

Glaxo, Grand Met, GKN, Guin-

nness, Hanson, ICI, Lucas,

Marks & Spencer, NatWest,

P&O, Reuters, Royal Insur-

ance, Smithkline Beecham,

Tate & Lyle, and Thorn EMI.

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transactions, including the exercise of options if applicable, and includes shares sold, with

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Source: Directus Ltd, Edinburgh

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Source: Directus Ltd, Edinburgh

INVESTING IN THE STOCK MARKET ACCORDING TO Saints:

The rocket versus the damp squib.

Everyone dreams of their investment going into orbit.

With tax-free income and no capital gains liability, PEPs are off to a good start.

Just light the blue touch paper. Then stand back.

However, some PEP managers may be tempted to take this last instruction too literally.

The Hands-Off Approach.

This year you're allowed to invest up to £6,000 in a PEP. But only the first £3,000 of that can go into a qualifying unit or investment trust.

The balance has to be invested directly in shares.

More often than not, you'll find your second £3,000 in solid but unexciting blue chip companies, where it's left to look after itself.

A Bit of Lift.

FINANCE AND THE FAMILY

Buy early and get a better share

Nigel Morgan examines the mystery of a seasonal pattern in dealings around the world

BUY EARLY to get the year's profits. UK share prices seem genuinely to follow a seasonal pattern which, although not completely regular, has persisted as an average tendency over the past six, very different years.

One of the best-known sayings from the stock market is "sell in May and go away," its popularity might partly be due to its encouragement of long holidays, but it also turns out to be good advice. So would "put some shares in your Christmas stocking," although it does not rhyme.

The record of quarterly percentage movements of share prices in the UK since 1986 is set out below. On average, the whole of a calendar year's rise is achieved soon after the end of the first quarter.

Some upward momentum usually is sustained into the second quarter, but it is then given up over the second half

of the year so that the market rises only 1 per cent in the last three quarters of the year.

Average relationships can, of course, be deceptive. They could arise, for example, from an exceptional result one year swamping a number of opposing, modest results. But, in this case, the average quarterly results remain representative year by year.

In only one out of the six did the market fall to rise in the first quarter. The same is true of the second quarter, although the rises were less impressive. In each of the third and fourth quarters, the market fell as often as it rose.

On average, share prices have fallen in the second half of the calendar year and they have done so as often as they have risen.

All sorts of special factors

have influenced the UK's performance of the second quarter, although the rises were less impressive. In each of the third and fourth quarters, the market fell as often as it rose.

Before searching too hard for a UK explanation of this seasonal phenomenon, it is worth looking overseas to see if it is unique to Britain or a more general feature.

The second table below presents quarterly market performance from elsewhere in the world. The entries are the average quarterly percentage movements over the past six years, 1986-91. They are in local currency terms except for Latin America, which is measured in dollar terms to avoid the confusion which large devaluations could cause. The results are startling.

As in the UK, the whole of the year's rise in US share prices usually comes in the first half, and most of it in the first quarter. Perhaps there is some shared Anglo-Saxon reason for this, but it is hardly obvious given the huge differences in scale and status of the two economies.

In contrast, Japan's culture

— and, particularly, the logic

of its stock market — is incomprehensible to foreigners; yet, once again, all the share price rises

come in the first half and virtually all in the first quarter. Continental European share prices rise and fall in the same way with even safe, neutral Switzerland moving to the same rhythm.

What can be the explanation of this very regular behaviour of the equity markets of the developed world? Perhaps it is something to do with the weather in the northern hemisphere. The timing of harvest receipts and sowing costs might explain such a seasonal pattern to financial markets in a predominantly agricultural economy, but that can hardly be the case for these countries.

Anyway, the timing of even agricultural receipts is now more to do with bureaucratic procedures to fit to wind and rain.

Even if weather gave some explanation of market movements in the northern countries, why does tropical Thailand's market follow the same pattern? At least the timing of the "annual downturn" of the Gulf war was a more universal event — so far as the doubling of oil prices was concerned, anyway — but it still seems surprising that there was so little difference between the market responses of combatants and non-combatants.

A more plausible world-wide link is with Wall Street. The mighty US market might act as a locomotive for the world's stock markets: tugging the carriages forward over the Christmas holiday so they all get rolling in the first quarter of the calendar year, slowing in the spring before stopping mid-year, and in the process,

inflicting a series of shocks for the next six months to the little markets following behind.

Naturally, world share prices repeat the pattern. Stock markets go up sharply in the first quarter, lose momentum in the second and then go into reverse over the second half of the year.

There is no obvious explanation for it but, whichever equity market you pick, there is no escape from the seasonal pattern. Who would bet against that book?

■ Nigel Morgan is an economic strategist at Providence Capital

UK seasonal returns (per cent)

Year	Q1	Q2	Q3	Q4
1986	19	nil	-5	9
1987	20	16	5	-29
1988	3	7	-2	-2
1989	17	2	6	3
1990	-7	5	-18	7
1991	16	-3	9	-6
Average	12	5	-1	-3

Experts' portfolio

Company	No of shares	Original price (p)	Current price (p)	Gain or loss (£)
ABP	352	284	381	+341.44
BP	282	355	252	-290.46
Cable & Wire	175	571	570	-1.75
Hillsdown	437	229	176	-231.61
Kingfisher	195	514	555	+79.95
Land Secs	204	489	393	-195.84
NatWest	305	328	311	-51.85
Racial	458	218	61.5	-716.77
Vodafone	261	0	358	+934.38
RTZ	174	574	592	+31.32
Tarmac	450	222	145	-346.50
Income				
BP div				11.84
C & W div				7.44
Racial div				1.37
Vodafone div				7.46
Accrued Income				111.57
Total income				139.68
Total gain/loss				-308.01

Apr 14 closing prices. Original cost £3,882.22

Directors' portfolio

Company	No of shares	Original price (p)	Current price (p)	Gain or loss (£)
ADT	161	623	490	-214.13
Albrighton	3,220	31	19	-386.40
Barry W'miller	769	130	144	+107.66
Evoe	1,724	58	60	+34.48
Hunterprint	6,250	16	15	-62.50
Linread	1,176	85	66	-223.44
Manweb	382	262	359	+370.54
MY	3,333	30	37	+233.31
Stirling	2,857	35	30	-142.85
Wheway	2,770	96	19.5	-457.05
Income				31.03
Devon div				20.82
Manweb div				16.67
MY div				14.29
Stirling div				27.70
Wheway div				92.84
Accrued income				203.35
Total gain/loss				-537.03

Apr 14 closing prices. For simplicity, all dividends paid in April have been included. Original cost £3,882.34

Dart board portfolio

Company	No of shares	Original price (p)	Current price (p)	Gain or loss (£)
British Assets	1,190	84	82.25	-20.83
Densitron	3,226	31	20	-354.86
Dyson J &	847	118	95	-194.81
Eurotunnel	261	460	379	-211.41
Harrison Inds	16,136*	6.2*	9	+451.81
Jove IT Inc	1,449	69	58	-159.39
Morgan Crucible	446	224	282	+258.68
Riv & Merc Step	844	118.5	127	+71.74
TVS	2,222	45	5.5	-877.69
EMAP	379	242	256	+53.06
Income				12.38
British Assets div				16.94
Dyson div				+21.93
Harrison div				21.54
R & M div				164.90
Accrued income				133.22
Total income				206.01
Total gain/loss				-777.69

Apr 14 closing prices. * capital adjusted following takeover. Original cost £3,882.61

High yield portfolio

Company	No of shares	Original price (p)	Current price (p)	Gain or loss (£)
Anglia TV	678	148	211	+425.68
Austin Reed A	709	141	141	nil
Bullough	1042	96	151	+573.10
David Serv	758	132	176	+333.52
FKI	1,513	62	57	-80.65
Goode Durrant	1315	76	77	+13.15
Haden Macmillan	826	121	120.5	-4.13
Lep Group	1,149	87	11.5	-857.50
Ratners	675	148	15	-899.08
TVS	2,222	45	5.5	-877.69
Income				44.81
Bullough div				16.13
FKI div				28.27
Goode Durr div				164.90
Accrued income				245.11
Total income				-967.99

Apr 14 closing prices. For simplicity, all dividends paid in April have been accrued. Original cost £3,882.61

SmithKline Beecham, the Anglo-American pharmaceuticals and consumer products group, reports its first quarter results on Thursday. Analysts expect pre-tax profits to increase about 9 per cent from £253m last year to about £253m this year.

Underlying growth, excluding currency effects caused by the strong dollar, will be about 4 per cent, with the pharmaceuticals operations underperforming that figure.

The small improvement at the pharmaceutical division is because sales of Tagamet, its anti-ulcer drug, are likely to be static.

In addition, the benefits of

service operations and

problems with its Dutch shellfish business.

Wace, the pre-press printing

group, will report on

Wednesday a decline in profits

after five years of spectacular

growth. Pre-tax profits will be

around £15m-£15m for 1992

against £28.5m in 1990 and a mere £240,000 back in

FINANCE AND THE FAMILY

Picking people to pick your shares

John Authers looks at the choice of advisers and brokers that faces anyone planning to build a portfolio

BUYING shares seems to be the thing to do in the fourth Conservative term. From election night onwards, when brokers allowed trading through the night - so that you could sell water shares with every "Lab Cain" - equities have enjoyed a bonanza.

Those who want to get involved might ask the following questions:

■ Where can you go for advice?

Plenty of people offer advice. Ultimately, your best chance of receiving impartial guidance comes if you pay a fee for it, as your adviser then has no financial interest in whether you go through with the investment.

Pay by commission, and they will have an incentive to force you into a deal.

If you have a substantial portfolio, you should be able to find a manager who will look after it, in return for a percentage fee based on the amount you invest. Broadly speaking, stockbrokers divide into three. Some provide a "discretionary" service, in which you allow the brokers to decide what to buy and sell; others give an advisory service, where you will normally pay them a commission for each deal; and the cheapest are "execution only" dealers, where brokers give no guidance whatever.

■ What is the bid-offer spread?

The marketmakers who buy and sell shares do not normally receive either a fee or a commission for the service. They make their profit from the "spread" between the price at which they buy, and the price at which they sell.

When you buy a share, you will pay the "offer" price. This is higher than the price at which you could sell them to the marketmaker, which is known as the "bid" price.

Share prices are usually quoted at the middle-point between offer and bid, so remember that you will pay more, or receive slightly less, than this price.

■ How much will it cost?

Brokers, like marketmakers, cost money. Those who offer broader discretionary services

will charge you more. However, they claim that you get what you pay for.

If you want a truly deluxe service, such as that from James Capel, which provides copious and highly-respected research and detailed advice on capital gains tax, then as a discretionary client you will pay an annual fee of 0.6 per cent of the value of the portfolio up to a maximum of £200,000. It remains however. On individual deals you will pay 1.1 per cent up to a maximum of £10,000.

Capel's advisory clients pay a £200 initial fee, plus 1.65 per cent dealing commission on the first £10,000 of each deal. It decreases for higher amounts.

■ What about discount brokers?

This is the option for those who trust themselves to make the right decisions. Execution only services will invariably be cheaper, although they may not necessarily offer better value for money.

The Fidelity Share Service charges a minimum, £25 for deals up to £1,400. Up to £2,900, you pay 2.11 plus 1 per cent of the value of the deal. Above this, up to £20,000, you pay a flat 2.5%.

■ What about the banks?

Privatisations have inspired the banks to offer a competitive service. Some, like Barclays and Abbey National, are keen on further expansion.

Others, including Midland, Lloyds and TSB, are happy with their current service.

These services tend to be used most for selling privatisation stocks, but they are definitely cheap. For example, postal sales at Abbey National cost £17.50 on deals up to £2,333, and decline for higher amounts. A telephone transaction costs a minimum of £24.50.

■ Can Personal Equity Plans help?

Yes, particularly for beginners. They allow you to hold up to £6,000 in a mixture of shares, plus an additional £3,000 in one single company.

Tax is the advantage - a Pepp is a tax-free pocket, where your shares can gain in value and pay out dividends without incurring any income or capital gains tax. However, if



shares held in a Pepp drop in price, this loss cannot be offset against gains elsewhere in your portfolio.

Pepp's big drawback is the cost of administration. "Self-select" Pepp, where you deal as you want and have total discretion, are more attractive if you are prepared to make your own decisions.

■ How many shares are needed for a portfolio?

Some would claim you might as well save as long as a piece of string. Unless you have money you can afford to lose, it must make sense to diversify, and buy a number of different stocks. There is a slight opportunity cost here - it will tend to abbreviate the gains of a stock market favourite - but you can now withstand disastrous collapses by one share.

Adequate diversification, at a level which justifies the

charges involved in buying the shares, can be achieved with a portfolio of less than £25,000, according to Brian Tora of stockbrokers Greig Middleton.

Assuming minimum dealing charges of £25 (good value), the effective minimum economic holding is £2500. You reduce risk with every additional company you buy, but this falls off quite quickly. According to Tora, an adequate spread of risk can be achieved with eight companies. That makes a minimum feasible portfolio of £40,000. If you cannot spare this much, direct investment in equities is not for you.

■ What about Investment trusts?

Investment trusts solve the problem of finding a balanced portfolio, which is helpful if you are nervous about picking stocks. An investment trust company is incorporated and

quoted just like any other public company, but its sole business is to invest in other companies. This provides the broad spread. Theoretically, the trust's fund managers will outperform the market for you.

You can buy investment trusts in the same way you buy any other share, using a broker. Some trusts also have a "savings scheme" option, so you can dispense with the broker.

■ What about unit trusts?

Unit trusts, like investment trusts, invest in shares, lowering risk by diversifying. But they also remove the risk that market sentiment will cause the price of the shares to fall, even if the underlying portfolio of shares rises.

Unit trusts are not quoted shares - they are just mutually held funds of shares. The value of your investment fluctuates automatically in accord with the value of the shares, but you will normally have to pay a front-end charge for administration of 5 per cent or more. One group (Murray Johnstone) has cut this to 1 per cent, but this is against the industry norm.

■ What if things go wrong?

There are several avenues for complaint. The Securities and Futures Authority has a Complaints Bureau. Ultimate compensation should come from the Investors' Compensation Scheme, which aims to return the first £20,000 of your investment, plus 90 per cent of the next £20,000. Obtaining this is often a tortuous process.

This only guards you against malpractice by the broker. If a share crashes without trace, then tough. You bear this risk, and no intermediary can be held accountable for it.

Diary of a Private Investor

Beware the election euphoria

AS A private investor, I am pleased with the result of the UK general election. But the City's immediate euphoria - with the FTSE 100 leaping 13.2 points on the day after the election - seems a bit too much too soon, bearing in mind the increasing troubles in eastern Europe, stock market banking and property problems in Japan, and continuing unhappy economic trends in the US, UK and many other countries. I am certainly not rushing to buy shares at present prices.

At least the UK election campaign did not last long, and we should have political stability for the next few years, unlike the US, where the presidential campaigns drag on into November with neither of the leading candidates having much to recommend him. Perhaps there will be a "late entrant" to the race who will command more widespread respect and support.

On the home front, what will the benefits be now the Conservatives are back? Take inheritance tax, for a start.

In the Budget, Chancellor Norman Lamont proposed important exemptions from IHT on certain shareholdings. For example, if someone dies owning more than 25 per cent of an unquoted or USM company, no IHT will be due on that holding. If he dies owning a controlling interest in a company quoted on the main market, or a holding of 25 per cent or less in an unquoted or USM company, there will also be a reduction in the IHT bill.

Legislation for these proposals was delayed because of the election. Presumably, the gov-

ernment will now seek to enact it as soon as possible. This means that will eventually be a number of elderly, wealthy people reducing their small minority investments in a wide range of companies (or reducing their cash piles) and investing instead in holdings of 25 per cent or more in certain companies in order to reduce their IHT bills.

If a private investor can spot the likely targets for such investments and buy shares before those wealthy folk do, then excellent profits could be made. The reason is that the shares would zoom upwards when any such 25 per cent-plus deals were announced.

Of course, the shares might

then fall back over the years since the wealthy folk could be less inclined to divest (even if faced with declining dividends and lacklustre performance) because they wish to cling on to the inheritance tax advantages of their holdings.

Takeover activity should continue under a Conservative government and I shall try to discover new takeover targets.

A government is only as good as its ministers, though. On that basis, John Major's administration looks highly promising. Michael Heseltine, as the new minister for trade and industry, has long been known for his support of small businesses and his wish to see big changes in parts of Britain's

infrastructure.

I am delighted with the arrival of Neil Hamilton and the other new faces at the Department of Trade and Industry. Hopefully, they can be persuaded to replace the costly bureaucratic City regulatory bodies with a single, cheaper, genuinely-independent body with teeth; and engineer legislation and tax changes to allow and encourage direct investment in shares by private investors, rather than continuing to favour institutional and "manager-controlled" investments.

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MINDING YOUR OWN BUSINESS

Selling old technology to the Germans

Nick Garnett finds a bike maker which avoids the fashion cycle

THE LAST time Tim Pashley pitched up at a sales exhibition to show off the cycles his family company manufactures, someone chipped in with a question, "Are these old bikes that you do up?"

W R Pashley makes spanking brand new cycles, but you can see what the questioner was getting at. From the gates of the company's tiny factory in Stratford-upon-Avon roll "butcher-boy" delivery bikes right out of a Norman Wisdom film: black-painted, sit-up-and-beat two wheelers stern enough for PC Pilot, and ice-cream tri-cycles last seen on the prom at Blackpool. Pashley is the biggest supplier of bicycles to the Post Office.

Sportier machines, tandems, and children's tricycles carry the Pashley name, but they are still all hand-made in chunky designs, constructed from steel, and painted in conservative colours. Some have brakes in the hub and chain guards. There is not a Day-glow turquoise sunburst paint job, light alloy frame, or 21-speed rig in sight.

"Our policy is to supply a series of niche markets," says Pashley, the company's 36-year-old managing director. "You won't find us making a BMX, mountain bike, ordinary children's cycle or sports bike. If a company like ours does that, you are up against large manufacturers who will kill you with the economics of scale."

So it has been since Tim's grandfather, William Rathbone Pashley, began his carrier cycle company in Birmingham in the 1930s. Pashley has remained a small supplier. Its yearly output of 10,000 bikes ranks it fifth behind Derby (formerly Raleigh), Townsend, Dawes and Hawk. It is successful, but not wildly profitable. From its yearly turnover of

£1.7m, Pashley screws out a pre-tax profit of about £40,000. Margins are very tight in bike manufacturing."

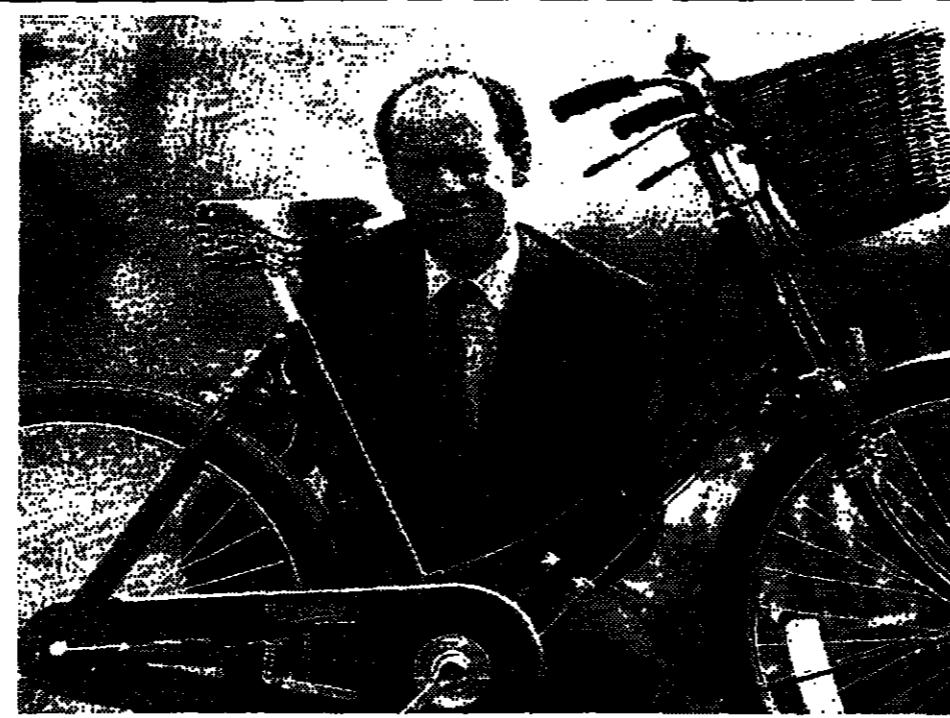
That is one reason why, after 60 years, the company is now trying to learn some new tricks. It has just introduced a couple of more modern-looking machines, one of them with 12 speeds. It has appointed its first marketing manager, who will soon be joined by the company's first salesman. It is taking an outside cash injection of about £500,000, looking to raise sales to £2.5m this year.

"That won't disturb large bike makers, but it will help us raise profits to perhaps £250,000," Pashley says.

With Pashley two-wheelers costing between £250 and £330, geared to the private rider, the company appeals to people who like classic "heavy bike" designs. (Its brochure shows off as many barbous as bars.) With model names like Prospero and Pickle, the image is hardly jazzy.

To fund its stocks, the company uses a bank overdraft facility of £450,000, but the new equity comes from a venture capital company.

"We will develop our com-



Pedal power: Tim Pashley of Pashley Cycles with one of the company's models

pany without recourse to the banks, which have become increasingly unco-operative," Pashley argues. "The City is still a market which sees its profits in commercial trading, and the community happens to

be cash." You know what Pashley is thinking, but he does not articulate it: too much wonky bank lending in London to crooks – and as a result the provinces get it in the neck.

The new cash injection, involving some dilution of the Pashley family shareholding, also covers another Pashley company, called Spencers,

which makes bike and pram components. Tim Pashley says increasing volume will put the bike factory more cost-effective. The company has a workforce of 55 and a £330,000

yearly wage bill.

To a large extent, Pashley has stood aloof from the UK bike boom (sales up from 600,000 bikes 20 years ago to 1.25m 10 years ago, and 2.5m in 1988, though this has back-pedalled to 2m last year). Almost half of the company's sales are to the Post Office. A third of its turnover comes from exports, to b顾orlach at an open hearth.

In keeping with tradition, the Stratford factory is not exactly 21st century. The company buys in steel tubing already shaped and cut to length for the frames. Most of the frames are then put together by brazing. The tube joints, known as lugs, have molten brass poured into them – the brass acting as glue to hold two pieces of the frame together. This is carried out by

machines, but the work is done by hand.

The shothole disappears into a shotblasting cabinet in which iron filings are hurled at it, clearing off the joints and giving the frame a smooth grey finish. The joints are hand-smoothed further in a process known as settling, and the frame is then painted, using hand-held electro-static powder-coating equipment. Each bike is finally assembled by two people whose supply bins are packed with imported components.

"That includes tyres, wheel

rims, chains, chain wheels, and pedals, which all have to be imported because they are not available in the UK," Pashley says. "That is the sorry tale of the way British industry as a whole has gone." Some bike saddles, and 3-speed gears, come from Britain; 12-speeders are bought from Japan.

The company has usually found diversification painfully unsuccessful. It once produced motorised rickshaws, and a recent attempt to sell an old-style bike with mountain bike-style tubing failed. Tim Pashley remains confident, though, that its foray into more modern types of classic bikes will succeed. "We are still appealing to the same audience – the 30-somethings, with money."

W R Pashley, Masons Road, Stratford-upon-Avon, Warwickshire CV37 9NL. Tel: 0789 322263.

FOR THE brands of bicycle we remember from childhood it is all change. UK cycle makers have been caught recently in a wave of takeovers. Dawes was bought two years ago by the Dutch group Atag whose main bike brand is Batavus. The UK industrial group Casket, which already controlled Townsend, acquired British Eagle and Falcon. The latter includes the Claud Butler and Holdsworth marques, and is likely to go into new ownership soon.

maker – has taken over Kalkhoff of Germany (renamed Derby Werk) and is building a factory in eastern Germany. Derby recently failed in an attempt to buy the Peugeot bike business of France. Peugeot then formed an alliance with the Spanish manufacturer, BH, which controls Cycles Gitane in France. Muddy Fox, a UK mountain bike maker is in financial difficulty and is likely to go into new ownership soon.

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LEGAL NOTICES

Notice of Creditors meeting under Section 49(2) of the Insolvency Act 1986

ASTRA HOLDING PLC 167487

ASTRA GROUP PLC 1540501

ASTRA PYROTECHNICS LTD 466558

DOVESHEDW LTD 2070861

MILITARY AND DEFENCE EQUIPMENT LTD/HOLDING INVESTMENTS LIMITED 144770136 (use of mark)

OFS LTD 1790260

REICH UNWIN (INTERNATIONAL) LTD 1241139

UNWIN PYROTECHNICS LTD 1625891

ALL REGISTERED IN ENGLAND AND WALES. MILITARY AND DEFENCE EQUIPMENT LTD/HOLDING INVESTMENTS LIMITED IS ALSO REGISTERED IN THE STATE OF NEW YORK.

NOTICE IS HEREBY GIVEN pursuant to Section 49(2) of the Insolvency Act 1986 that a meeting of the unsecured creditors of the above company will be held at The Swan Hotel, Swindon Road, Grantham, Lincs NG31 2XT on 28 April 1992 at 10.00 am for the purpose of hearing bid before whom a copy of the report prepared by the receiver of the company's assets under Section 49(3) of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the said Act.

Creditors are only entitled to vote if:

(a) they have delivered to us at the address shown below by no later than noon on 27 April 1992 a written declaration that they claim to be due to them from the companies, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) they have been fully paid up any debt which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the office administrative department, photocopies (including faxed copies) are not acceptable.

Date 13 April 1992

Signature: C J Barlow, Joint Administrative Receiver
Cark Gully, Shokley House, 3 Noble Street, London EC2V 7DQ.

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Novices who pay for a voyage into danger

Keith Wheatley on 120 sailors who will race around the world

THIS weekend, an extraordinary fleet of 10 ocean-going yachts will converge on the Solent and dock at Southampton. The 57ft boats are big, powerful and conventional. The idea behind them is not. Volunteer crews, who signed up not knowing a half-yard from a half-nelson, have spent two years training to race these sleek cutters 26,000 miles around the world.

There are 120 of these individuals. Each has raised \$14,750 to pay for the trip, often through enormous sacrifice.

"It seemed like such a huge sum at the beginning," reflects Lisa Wood, formerly deputy superintendent of the Royal Cambridge Home for Soldiers' Widows. "Now, I think about what value it's already been in me."

Wood, admitting cheerfully this isn't her first race, has sold nearly all her possessions to pay for her berth, a fund-raising legend in the project. She once auctioned the spotlights off her Mum to pay for petrol to get to the next training course. The car itself has now gone.

From the outset, the British Steel Challenge was designed by its organizer, Chay Blyth, to put the emphasis back into yachting — and to do it for anyone with the courage to leave an adventure out of ordinary life.

"I'd never sailed before but I knew if I didn't take the opportunity I'd regret it for the rest of my life."

Picked: "Bloody marvellous people who just wanted to do something a bit different for a year or two," he says.

One particular story shows the vein of untempered fire Blyth has found. Bill Vincent is a carpenter at Bath University, a gentle, placid man of 45 married to Pauline, a schoolteacher. They have two teenage sons. On a winter's night in 1988, they watched Blyth talk about the challenge on television. Saying only "I'd love to do that," Vincent went to bed, trying to sleep.

Next morning, a day off, he was unable to contain the itch. He instructed his son: "Tell your mum I've gone to London to find Chay Blyth" and set off. He found sailing's Svengali at the Boat Show, handed over his £25 deposit and signed up. It was all the cash he had with him.

"On the MS back to Bath, the rescue flight was on the whole way and I didn't have any money left for petrol," Vincent laughs. "I was so worried about running out, it took my mind off what my wife would think about it all." Like so many spouses, Pauline has backed him morally and financially 100 per cent.

Very few among the 120 volunteer crews have any regular sailing background. The odd time I've been out on the Solent with friends, I've had the distinct feeling of walking into a club of which I was not a member," says Adrian Rayson, an expatriate agricultural consultant who works mainly in Nigeria.

The yachts will start from Southampton in September and race the global course in four legs, stopping at Rio de Janeiro, Hobart and Cape

Town before finishing in the Solent. At the heart of the scheme is the freezing isolation of the Southern Ocean, where temperatures are at the very least uncomfortable and often dangerous.

"People want to say 'they buy fast cars, go sailing' ... It's all to do with advertising. That's their choice, we're not in the business now. Anyhow, sailing is a great sport. If you want real danger, look at hunting or racing."

For people in the industry, Blyth's claim to fame is the fact that he has signed up 100 identical boats worth around £250,000 each. They were designed by David Thomas, father of the successful Sigma family of racer/cruisers, and built entirely of steel at the former Devonport dockyard in Plymouth.

Each one is identical in hull shape, weight, sails, layout and handling arrangements, ensuring that they will compete on exactly level terms without handicapping. Seeing them alongside in the Prince William marina at Brixham last week, they looked a fleet for which any medieval prince would have given his daughters.

Not the least of their appeal was visual. Each of the hulls has a startling individual paint job reflecting a corporate sponsor. The backers range from Hofbräu Lager through Nuclear Electric to the Heath insurance group.

Blyth has an exceptional record in finding commercial support for his projects. At present, for instance, dozens of the dozen or so British groups hoping to compete in the Whitbread race starting in 18 months' time has found corporate support.

"I've never seen myself as a yachting," says Blyth. "What I'm good at is raising the money and giving the companies what they want. This is all about people, publicity and business. There's nothing new in any of it. Queen Isabella sponsored Columbus."

Nevertheless, one has a sneaking feeling that Blyth — who says he would have shot himself if Labour had won the election — is engaged in a semi-altruistic redistribution of fun. Giving little people with big hearts a chance to do something extraordinary.

"We've spread the cost as far and as wide as possible," is the furthest he will go on this point, fearing for his boardroom cred. One crucial point is that no individual contribution is for more than about £250,000.

"These people who go about saying they need £5m for a yacht race have obviously never had to go and raise it," he snorts. "My motto is to only offer any company a deal they can accept."

Some of the sponsoring companies are also sending staff on the race as crew. Phil Streeter is an engineer who works in British Steel's stainless division in Sheffield. He'll be racing on the first leg.

"I'd never sailed before in my life but I knew that if I didn't take the



On the crest of a wave: volunteer sailors train for the British Steel Challenge

opportunity I'd regret it for the rest of my life," says Streeter, who had completed the London marathon the day before our meeting.

"I wouldn't say I'm frightened. The training has convinced me that there is no serious danger. Let's say I'm looking forward to it with nervous anticipation."

Each of the 10 yachts is skippered by a professional, recruited and paid by the challenges. Adrian Donelly was running American charter yachts in the West Indies before taking charge of Heath Insured. His background is in the merchant navy and sailing schools.

"I'm very keen on the seamanship aspect of what we're teaching the

crews. It's missing from such a lot of yachting now," Donelly says. He also admitted that he is looking forward to the "chess game" between rival skippers as the race progresses. With equal boats and equipment, clever strategy and crew-work will make the difference.

And after the excitement of two years' preparation, the race, and all the media attention, comes re-entry to everyday life. The more thoughtful crew members are already a little concerned. Will Bill Vincent be able to return to sawing wood in Bath?

"I'm worried about how well I'll be able to fit back in," he admits. "I was so happy before. It was lovely — then this came along."

As They Say In Europe

A very British carry-on

THE ROWS of papers on the news stand at Heathrow terminal 2 last Saturday gave food for thought. They offered the first reactions to John Major's election victory. All agreed it was the big story: not just *Le Monde* and *Die Welt*, which take an unusual interest in British affairs — there were also the *Neue Zürcher Zeitung*, *Die Presse* of Vienna, *El País* of Madrid and all the Italians. On the *Maver Flight* to Budapest, I found a copy of the Hungarian socialist paper, *Népszabadság*, with the headline "Carry on Major!" This doubtless will instill in some British film producer the germ of an idea for a vulgar new oeuvre in the well-known tradition.

Almost everybody delighted in the result, regardless of political affiliation. *El País* drew a picture of the voters quietly deciding against "uncertainty" in the silence of the polling booths. *Le Monde*'s heart, however, went out to Labour. "It is always difficult to lose, especially when having made concessions, within honourable limits, to the ideology of the enemy." The paper's cartoon showed a battered President Mitterrand saying to an equally damaged Chancellor Kohl: "I tell you, Helmut, the English never show solidarity."

The result in Scotland was also reported universally. The *Neue Zürcher Zeitung* said the Tories had been fighting for lost positions but had justified the "divide and rule" strategy.

"They played the 'all-or-nothing' independence policy of the nationalists brilliantly against the middle way of devolution."

British readers may find this perfectly reasonable, but no continental election could give rise to the same excitement in the British press. That is why the supporters of proportional representation are making a great mistake. British elections are a marvellous sporting event: a two-man fight and a junior spoiler struggling on unpredictable terrain for victory in a winner-take-all battle, as the sports writers would say. The allocation of parliamentary seats (which bears little relationship to votes cast) and the personal nature of the contest add to the fun — capped, this time, by the willingness of ordinary men and women to manipulate opinion pollsters ruthlessly.

In some ways, the most impressive account was in *Die Presse*. Its headline ran: "Historic victory against all polls." The chief commentator for this conservative daily, Thomas Chortner, rallied on a bold-word celebration for the front page.

"Europeans were given a mid-stage lesson in a fine English style yesterday. Politicians, the media, above all the pollsters, will take it to heart." He said all the experts were in danger of digging themselves an ever-deeper grave and added: "The final spurt in the neck-and-neck race did not end on the photo finish but a significant victory..." He concluded as he had begun: "In fine English style in the Mother of Parliaments, pure parliamentarianism will once again be exercised good copy for weeks rather than a day.

On Friday, the news agencies and papers regrettably tore up profiles of the Labour leadership and while pages were readjusted, their earlier stories had all been based on the exit polls which had implied a hung parliament. That phrase produced some marvellous translations in half a dozen languages which never have to deal with anything but confused results. A British election provided a unique European political event: it is all over when the votes are counted.

James Morgan

■ James Morgan is economics correspondent of the BBC World Service.

MY BORDEAUX broker friend had not even heard of Château Lilian-Ladouys. "Oh no, not another *cru bourgeois* having money lavished on it," he said, referring to Bordeaux's underclass of more than 300 châteaux officially ranked a notch below the 80 odd châteaux, or *cru classé*, classified in 1855. "All they do is prove there really is a difference between even the best *cru bourgeois* and the *cru classé*."

Perhaps he was thinking of Château Clarke, a *cru bourgeois* in Léognan into which Swiss banker Baron Edmond de Rothschild had immersed his not inconsiderable personal income from the family's famous *cru classé* Château Lafite-Rothschild — only to prove some would say, that in terms of wine quality, if not geography, the Léognan hinterland is very much more than 15 kilometres away from the peak of Pauillac.

The man who has decided to sink what he made out of electronic payment systems into an unglorious patch of St Estèphe presumably has other *cru bourgeois* in mind. Châteaux Monbrison, Sociando-Mallet, Haut-Marbuzet, Chasse-Spleen and, of course, Gloria can command — purely on the basis of the quality of wine produced — higher prices than the most lacklustre (although admittedly up-and-coming) *cru classé*.

Until 1990, Christian Thiébaut was based in Paris and was chairman of Sodring, a computer company that is now part of Paribas. He and his Swiss wife, Lilian, had already tried for two years to make a go of a wine property in the Bas-Médoc, the boondocks of Bordeaux; but they realised that, to have any chance of making both an impact and a fine wine, they would have to invest in one of the Haut-Médoc's four famous communes: Margaux, St Julien, Pauillac or St Estèphe.

The chance to acquire 10 hectares (25 acres) of vineyard entitled to the appellation St Estèphe seemed too good to pass up and they decided to buy Château Ladouys in 1988 without even seeing inside the rather handsome 18th century building. Because the property had belonged to the head of St Estèphe's relatively important co-op, where the Ladouys grapes were vinified, the property was effectively without winemaking equipment. "There wasn't even a



This bourgeois star

Jancis Robinson visits Château Lilian-Ladouys

screwdriver — nothing" say the Thiébauts. But the co-op connection brought an unexpected bonus. The newcomers let it be known around the village that they would be happy to buy more vineyard. And since the Marquis de St Estèphe co-op had so many elderly adherents willing to swap hard weekend work for a tidy little nest egg, the Thiébauts were overwhelmed by vendors.

They now own about 50 hectares (125 acres) of mature vineyard, dotted about the commune, which makes Château Lilian-Ladouys one of St Estèphe's biggest properties. Christian decided to add his wife's first name to the original name — perhaps more graceful than Château Ladouys-Thiébaut, which would have been the result of the more usual practice.) To the villagers of St Estèphe, Christian Thiébaut must seem like a fairy godmother. It must be odd to live surrounded by new cars, house extensions and small businesses that you have financed personally.

The unexpected success of the Ladouys' expansion plan meant that the original architect's drawings have had to be revised dramatically. In the first summer, they had just two months in which to erect a working winery, and were rewarded with the miraculously ripe and successful 1989 vintage. They now have not just one vat room but two,

with more stainless steel than the Thiébauts. But the co-op connection brought an unexpected bonus. The newcomers let it be known around the village that they would be happy to buy more vineyard. And since the Marquis de St Estèphe co-op had so many elderly adherents willing to swap hard weekend work for a tidy little nest egg, the Thiébauts were overwhelmed by vendors.

They have already shown they can make good wine. With Sylvie Franchini as oenologist, and other local technical expertise, they have produced a 1989 and 1990 that taste as though no expense was spared in the making of them: enormously ripe, spicy monsters with the tannins hidden for a long time mainly smothered by the fruit.

They are certainly wines to change the minds of those who dismiss St Estèphe as hard and acid in youth, and have already been written up in both American and French wine magazines. The 1989 was recently voted top of a comparative tasting of 1989 *cru bourgeois* by *Decanter* magazine. But in a market awash with competitively-made claret from

the two glorious 1989 and 1990 vintages, who will soak up the wine from this as yet unknown *cru bourgeois*?

This consideration may be behind the Thiébauts' avowed intent not to plunge into the general marketplace of Bordeaux merchants but to try to seek out specific importers instead. "We want, first of all, to sell to the British and the Belgians because they are the connoisseurs," says Thiébaut.

"The French just say we are too expensive."

Do the French have a point? The Thiébauts' pricing policy is stark: FFr110m (£11.33m) and says, calmly, that he expects to start making money — "about six per cent ROI" (return on investment) in 1991.

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Aesthetics, posh tasting room, bilingual polychrome illustrated booklet, second label (Château Naudet), lunches at Taillevent for France's top wine writers — Christian Thiébaut has got the lot. Now all he needs is his ROI.

CHICKEN CROQUETTES
This is an old-fashioned sort of dish but worth revisiting. Deep-fried parsley and a fresh tomato salsa go well with it. Make panadas with 2 oz

Cookery/Philippa Davenport

The last chicken in the pot



each butter or chicken fat and flour, a scant ½ pt rich chicken stock, and 3 to 4 tablespoons thick cream. Season the very thick sauce generously with salt, pepper and freshly-grated Parmesan or chopped capers.

When it is cold and set firm, beat in a good squeeze of lemon juice and some wholegrain mustard, and stir in ¼ lb of cooked and finely chopped meat — all chicken, or a mixture of chicken and ham carved freshly from the bone.

Encouraged by that first mouthful, I picked a few more slivers of chicken from the bones and used them at lunchtime, together with a little chopped parsley, to garnish a tureen of the rich, pure chicken stock. The broth was received so well that afterwards I freed the rest of the flesh from the bones, skin and gristle. Now, I always do.

I use 6-7 lb of chicken wings for every batch of stock I make, and you get 1½-1¾ lb of flesh each time. This is the same amount of meat you will get from a 4 lb, oven-ready chicken. In these recessionary times, a saving like this is not to be overlooked.

Chicken broth garnish apart, how best can the salvaged meat be recycled? Because its flavour and texture are not of prime quality, it is important to partner the chicken with strong, fresh tastes and to provide a good contrast of textures. Here are three dishes that work well for me.

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chicken stock until meltingly tender. Process the contents of the pan with a walnut of chicken fat or butter to make a soufflé-like purée. Measure and top-up with extra stock as necessary to make 1 pt.

Stir in 5 oz of grated feta cheese and plenty of salt and pepper. Add two beaten eggs and mix gently with about 1 lb 10 oz of cooked and chopped chicken meat. If there is not enough chicken, make up the weight with eggs (hard-boiled and cut into wedges).

Pack the filling into a 10in paella pan, lasagne tin or other shallow metal dish which has been lined with 3-4 layers of phyllo pastry and brushed lightly between layers with chicken fat or melted butter. Do not use a pottery dish as pottery is a poor conductor of heat and soggy pastry may result.

Cover with 7 or 8 more layers of phyllo, brushed with fat and, tuck in the ends of the pastry to make a neat, well-sealed parcel.

Brush with more fat, score the top decoratively, and bake the pie on a hot baking sheet at 375°F/190°C (gas mark 5), or just over, for 45 to 50 minutes until golden.

CHICKEN PIE WITH ONIONS

I have saved until last my one choice for using chicken wings twice over. Serve the pie tepid, about an hour after it emerges from the oven. Or, almost better, serve it cold, when it makes marvellous picnic food.

First, simmer 1 lb roughly-chopped onions in ½ pt rich

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How does your garden grow? Lucia van der Post meets the professionals who can turn an urban wasteland into a blooming miracle



Randle Siddeley took just a month to transform his own average-sized London garden into a cool green oasis



The green-fingered gurus



Even narrow, unpromising sites can be made beautiful

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IN ANY town in Britain a garden is a precious asset. No matter how small, or how apparently dingy, it is worth taking trouble over. Quite apart from the pleasure of sitting in it on the few balmy summer days, a garden can also be a year-long visual delight. Our own patch is small enough but from the kitchen window I see it day in and day out, and even in winter the trees beyond it, the birds, the foliage in the containers and the climbers are an endless source of interest.

However, few of us do as much with our little patches as we could. The smaller the garden, the more carefully it needs to be thought about, and although landscape architects have a vested interest in wringing out as much as possible from their kitchens and how little on their gardens, they do have a point.

Putting a garden in order can actually cost surprisingly little, particularly when compared with the vast amounts some of the so-called luxury kitchens are prone to run into. For instance, a designer like Jane Easton (117 Chetwynd Road, London NW5, tel: 071-482 3322) will do anything from discussing a new planting scheme to a complete redesign.

She loves gardens to look "old" and has devised ways and means of making even the

newest garden look as if had been blooming for years. She believes in putting in a few fairly mature shrubs as focal points, mixing them in with a few annuals, lots of lilies and then a few perennials as well. She could supply a new planting scheme for a small London garden for between £100 and £150 – anything requiring building work would obviously cost a good deal more.

London-based landscape designer Randle Siddeley is very used to creating a garden from scratch – fast. He will do anything from a windowbox to corporate schemes and everything in between. He has a great deal of experience of urban gardening and seems to conjure greenery and verdant pleasures out of the most unpromising sites – like the narrow strip of space photographed here, for which he was merely asked "to do something". As you can see it looks quite magical – trellis is a specialty of his and he has used it here to give definition to the space as well as support for the climbers. The well-planted containers complete the scheme.

For a smallish urban garden he reckons that a sum of between £5,000 and £10,000 really would make a difference to the way you use your garden and the pleasure you get out of it.

"If necessary I can transform a site in a couple of weeks although, of course, it is nicer

to have more time if possible. I did a small show garden in a new development and that had to be done in just seven days – it is amazing what can be done. We put some steps in, a brick border and some turfing as well as some trellis. That cost £4,500."

To show just what can be done we looked at his own average-sized L-shaped London garden, photographed above. It is a perfect example of the sort of scheme he can do in a very short time and for about the cost of a very average kitchen. The whole project cost £2,500 (including building works, design fees, plants and labour) and was completed within a month.

He and his wife Kiki McDonagh, the fashionable London jeweller, bought the house just a year ago and "thought it had been owned by a keen gardener it had become an overgrown jungle. It was a com-

plete mess and had raised planters all the way round, which sadly I personally hate. I wanted a cottage garden, enclosed for privacy and comfort and one that would seem like an extension to one's living area, another room, if you like, where we could have dinner on a summer evening.

"I used York stone, which I love, and brick margins to define the geometric shapes.

The diamond pattern of the York stone floor is repeated in the trellis, which I also love. "I'm also personally very fond of water, so there is a cascade, a water feature which pumps itself around and bubbles in from underneath and cascades over a small weir. I like the sound of water and it's particularly attractive at night. A water feature, of course, adds to the cost. It must be properly done with good walls, a tank and proper pipe work, but I think it is well worth it.

"We used mature plants in order to give us instant pleasure. In each area I have controlled the colour – I love using just white with dark green foliage, or at the moment there are the evergreen shrubs underplanted with red pansies and tulips, and in another area there is a yellow corner with yellow tulips coming up.

"It took about a month to put the architectural bones of the garden together and last July we planted it up – we used lots of relatively established climbers, mainly about 6 ft high when they went in, a mix of roses, clematis and jasmines as well as shrubs.

"I think most people don't think enough about lighting. A garden should be used at all



Sitting pretty

LAST TIME I reported on the activities of Julian Chichester and Richard Forwood activities it was to photograph the beautiful antique beds that they were bringing in to the UK from Burma. Supplies of antique Burmese beds having run out the pair have now moved on to Vietnam, where they make some sturdy English-looking garden furniture.

They make sure they buy all their teak from plantations where it is replanted as it is used – no primeval forests have been chopped up for this range. Vietnam has been making great attempts at reforestation and in the late 1980s planted some 500m trees on a shoestring budget.

The designs are based on 18th and 19th century pattern books and designs by Chippendale, Hepplewhite, Sheraton and J.P. White (who designed in the Lutyens/Gertrude Jekyll mode).

Prices range from £149 for a dining chair and go up to £540 for the most complicated bench. The bench photographed right is called The Leighton and sells for £265.

For a free catalogue write to Julian Chichester Designs, 202 Dawes Road, London SW6 7RQ.

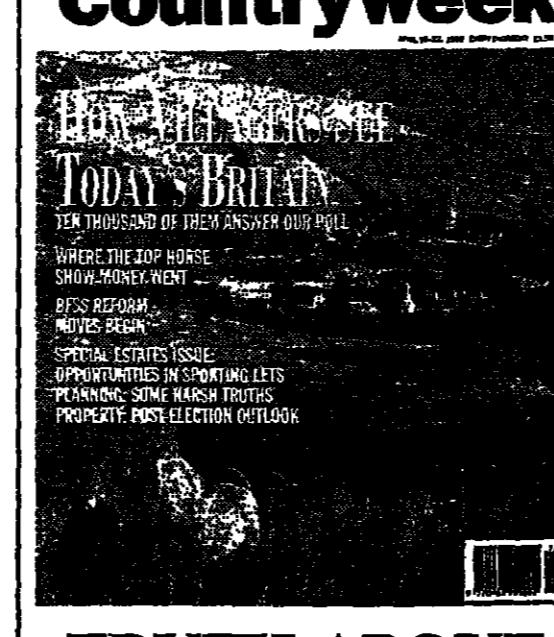
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times and if you light it properly it is magical at night, too. I don't believe in floodlights but like to uplight certain parts of the garden subtly. An uplighter in front of a tree in the winter accentuates the branches and in the summer highlights the leaves and makes the garden look bigger.

"For my own garden I used the experts, The Garden Lighting Company, at Argent Court, Hockliffe, South, Tolworth KT6 7LD. Tel: 081-974 2211.

■ Siddeley Landscapes is at 3 Palmerston Way, Havelock Terrace, London SW8 4AS. Tel: 071-827 4044. Anybody going to the Chelsea Flower Show should look out for a Mediterranean Garden that he has created for *The Sunday Times*.

Countryweek



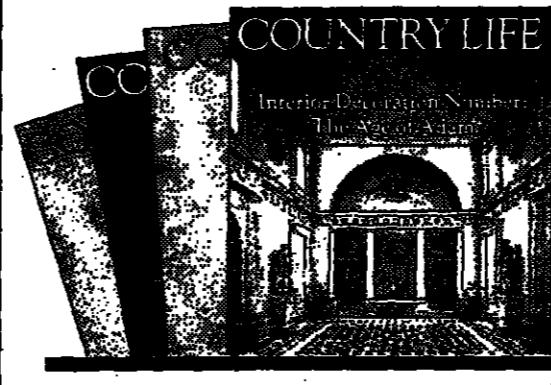
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SPORT

Tennis

Biff, bash, match - crisis

Tennis faces a power struggle. John Barrett considers the possible solutions

ONE OF the basic rules of marketing is to heed the views of the customer. Whether you are selling soap in supermarkets or seats in sports stadia, the customer's satisfaction must be your first concern.

So what do tennis fans think about the problem of service dominance in the men's game on fast surfaces? Here is one view:

"To see the real art of the game, one must watch it on relatively slow hard courts where the mere possession of a fast service and expert volleying technique rarely suffices to overcome a deficiency of ground stroke play." Quite so.

What, then, do spectators think should be done to curb the power of the server without changing the basic characteristics of the game? Here are two constructive suggestions from readers:

"Experiments have been carried out in France with a shortened service court. Could not the same effect be obtained by having a server's line drawn behind the baseline... this would have the added advantage of making it more difficult for the server to get to the net?"

"There are many who think the most effective answer to the present undue dominance of service power would be a softer ball."

Sensible proposals, you will probably think. It might surprise you to know that the above extracts are all from letters addressed to *Lawn Tennis and Badminton* magazine in 1958. Yes, even 34 years ago there was an awareness among keen tennis fans that power was threatening to diminish spectator enjoyment by

reducing the number of rallies.

Yet the "villains" of 1958 - men like Wimbledon finalists Ashley Cooper and Neale Fraser of Australia, both strong serve-and-volleyers - were babes by comparison with the modern power brokers like Goran Ivanisevic, Boris Becker, Michael Stich and Richard Krajicek.

Why? In a word, technology.

The modern tennis racket has about as much in common with the old wooden-framed models (which were the game's only implements for more than 100 years) as Concorde does with the Tiger Moth. Instead of introducing a rule to retain wood as the only allowable material, as cricket and baseball did when threatened with aluminium bats, the International Tennis Federation simply sat still and watched while technology ran riot.

With hindsight, they wish now that they had acted back in the 1960s, when first the Spalding Smasher (as used by Pancho Gonzales to beat Charlie Pasarell in that epic Wimbledon Centre Court duel in 1968), and then the Wilson T2000 (which Ann Jones used to win her Wimbledon singles title the same year), started the avalanche.

Technology has come a long way since then. Incorporating space-age materials and computer-generated aerodynamic design features, today's wide-bodied weapons - made of graphite and boron, Kevlar, titanium and ceramics - deliver up to 32 per cent more power than the old wooden frames. Laboratory tests show that a wooden racket swung at 62 mph by an averagely strong male would deliver a serve at 86 mph. Because of improved air-flow

design, the same player could swing a modern wide-bodied frame at 78 mph and thump down his serve at 114 mph.

Of course, today's super athletes are far stronger than average, and getting taller. In 1973, only four of the top 10 ranked men were over 5ft tall. By 1983, there were six; last year, nine. These giants regularly deliver their serves at up to 130 mph. At that speed, the reaction time for the receiver - from the moment the ball is struck to the moment it hits the court - is just 0.3 of a second. On a fast surface like grass or indoor carpet, there is no time to think. Instant reaction is the only hope.

Furthermore, the "sweet spot" or effective hitting area, on today's oversize rackets is six times larger than on a wooden racket, so that the game really is easier to play than it used to be. Wonderful news, this, for the club enthusiast, but is the increased margin of error really necessary for the professional player who, by definition, should be able to middle the ball all the time - a point that Jimmy Connors is always making?

What, if anything, can be done? All that we have done is to reduce the premium on skill. Average players have become good; good players have become great and the truly great performer with touch and flair, like Ilie Nastase, has been killed off, unable to live at the pace set by today's young gladiators.

On fast courts, therefore, the men's game has become one-dimensional. Two-stroke tennis has become a boring reality. In Stuttgart the other week, young Ivanisevic delivered 105 aces during his

winning run, including 32 in the final against Stefan Edberg. It was not much of a spectacle for the poor spectator.

And I do not have to remind you that the same unfortunate Edberg was beaten in last year's Wimbledon semi-final by Michael Stich's overpowering game without ever losing his own service. That was another of those one-dimensional matches with few rallies.

It is not only a service problem. Those spectacular forehand and backhand winners from the likes of Andre Agassi are equally responsible for reducing the length of rallies. They would have been impossible to play with a wooden racket.

The male players themselves are conscious of the need to take action before boredom turns away the fans or, perish the thought, encourages them to watch women's matches instead. For it is undeniably true that modern racket technology has improved the women's game by making it possible for them to serve better and hit early winners, so reducing the number of long, boring rallies.

What, if anything, can be done?

Some interesting suggestions emerged from the ATP forum I attended recently in Florida. There are two main options. You can either tinker with the rules or put limits on equipment - or effect a combination of both.

To inhibit the server, the height of the net could be raised, the service court shortened, a server's line introduced behind the baseline, the foot fault rule re-introduced, or the server allowed only one serve. The problem here is that all changes to



court dimensions or rules must be applied universally to men and women, amateurs and professionals.

Changes to the rules governing equipment could include softer balls, slower court surfaces (not an option for grass), and less powerful rackets. Already at certain tournaments, including the US Open, men and women use different models of

the same ball - there is a heavy-duty version for the men. More experiments will certainly be done on this option because the balls used today are harder and faster than they used to be.

My own preferred solution would be to tackle racket performance. Although it is probably impractical to return to the days of wooden

rackets (no major manufacturer any longer produces them), it would be easy to define a head size need to the 78 square inches of the traditional wooden frame as well as insisting on a similar flex.

It is the stiffness in the modern frame that is the basis of its power.

A move in this direction would tackle the problem at its source, whereas tinkering with the rules deals only with the symptoms.

I see no difficulty in legislating only for men. There are plenty of precedents in sport where men and women use equipment with different specifications so as to recognise differences in physique. A woman does not throw as heavy a discus, javelin or shot as the male athlete, nor are the hurdles she traverses as high.

However, I can foresee a torrent of protest from players whose advantage would be reduced and from manufacturers whose whole marketing thrust has been built around the merits of power. Yet I would remind the players that, regardless of racket size or material, the bigger, stronger athletes have always been the best servers. That would still be true with smaller-headed frames of increased flex.

But, crucially, the premium on skill would also be restored so that a future Nastase or McEnroe could once again emerge to pit his wits against the men of power. We might even see rallies again!

That is what the paying public wants to see. The game will ignore that message at its peril.

warned her against any out-of-the ordinary behaviour.

Golf's appeal to the marketing fraternity is demonstrated by a deal struck between Couples and a golf manufacturer named Lynx. Couples, the player of the moment after outstanding performances in last year's Ryder Cup and winning the world championship in Jamaica last December, was signed by Lynx earlier this year. He would receive £50,000 annually for four years from the club manufacturer in return for using its clubs. Nice money for Couples.

Last month, Couples found a rich vein of form, finishing first in two tournaments and second in two others. In those four televised tournaments he won a visor, golf bag, glove and umbrella all bearing the name Lynx, as well as using Lynx clubs. The amount of exposure on TV he and his Lynx products

received was nearly six minutes. Had Lynx been forced to buy a similar amount of advertising time, it would have cost an estimated £72,941.

Couples can do no wrong at present. Another one of his endorsements is with Ashworth, a clothes manufacturer. In 1987, when Couples was a par five away from success, Ashworth's sales were barely £500,000 annually. Now, with Couples riding high, they total £10m.

Couples has become the sweetheart of US golf. He has come through the torment of hitting a nine iron 20 yards wide of the 18th green in the 1988 Ryder Cup and thus losing to Christy O'Connor Jr. The signs are that he could become the best American since Tom Watson at his peak 10 years ago. If he does, Debbie Couples will be behind him, whistling and cheering every step of the way.

Golf / John Hopkins

The making of Fred Moneybags

NINE YEARS ago, on one of his earliest forays on the US tour, Nick Faldo found himself paired in the Greater Greensboro Open in North Carolina with a young man named Fred Couples. Couples was 23 and in his third season as a pro. Faldo was outdriven and outputted but, since it was one of his first tournaments of the year, he was not unduly worried.

"What is this Fred Couples like?" Faldo was asked after he had completed his round. "He is the strong silent type," Faldo replied. "He does not say much and he hits the ball miles." As an afterthought, Faldo added: "Oh yes, and he looks just like Elliott in the film *EAT*."

Couples, the new US Masters champion, has not changed much since then. His backswing remains long although his hair is a little shorter; he looks like Elliott too.

Years on. He is uncomfortable at being the centre of attention and hates telephones. "I will not answer the phone," he says. "There may be someone on the other end." And he does not read much. "I don't know how," he says, only half joking.

Couples could probably afford to pay someone to read to him. He has won more money in a shorter time than anyone else in golf - more than £680,000 since January 1.

In spite of this, he is one of the least affected of men, quietly spoken, unassuming, self-effacing. He is the sort of fellow who loses his car keys, forgets to enter tour-

nments, turns up on the wrong day, leaves his passport at home. In 1980 Couples, then an amateur, entered a tournament in California. When he was told that the tournament was limited to pros, he turned pro on the spot.

Someone once said that behind every successful man is a woman. Behind Fred Couples is Debbie, an accomplished polo player who owns and trains ponies, collects antiques, owns and runs an antique business and, in addition, provides the impetus to keep her husband on his toes.

"She is Fred's spark plug," says Couples' former caddie. "He was sit-

ting around on a couch watching soaps on TV," Debbie said once, explaining her rôle in her husband's success. "I told him he had to get motivated. I decided he was the horse to put our money on."

You listen to what Debbie says, just as you cannot ignore her. She is a striking blonde who wears big hats and short skirts and is prone to giving wolf whistles when Fred babbles a hole. Even in a country where making a lot of noise is normal and acceptable, her whistles and cheers are exceptional.

The staid world of golf was shaken by the way she celebrated her husband's first tournament victory. After he had holed the winning putt, she raced on to the green and jumped up, her arms around his neck, her legs around his waist. Officials at the Masters were terrified at what she might do if Fred won last Sunday.

Their tournament is a model of decorum, or so they like to think. The Masters is where guards stop you running and a television commentator was banned - not by his network but by club officials after he had referred to a section of the spectators as a mob. Men in green jackets took Debbie to one side and

warned her against any out-of-the ordinary behaviour.

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In those four televised tournaments he won a visor, golf bag, glove and umbrella all bearing the name Lynx, as well as using Lynx clubs. The amount of exposure on TV he and his Lynx products

Motoring / Stuart Marshall

Same glass - but double the cost

the car had to be identified precisely.

Field thought National's £333 quote reasonable. But he decided that as the car was due for a service, his Lotus dealer might as well replace the screen while the car was in the workshop. He was surprised to get a £630.33 bill for fitting the screen that he wrote to him. "It just seems that the Lotus figure is excessive. My insur-

ance company will pay, but is this one reason for the great increase in premiums?"

I put the point to Lotus. Senior executive Colin Gething considered the dealer's price was right for both parts and labour. Why could National fit an identical screen at half the price? According to Gething, I was not comparing like with like. When replacing an Elan's screen, National did not fit

new weather strips to the A-posts (windscreen pillars) as Lotus recommended.

Could this really account for the charge being virtually twice as high? Apparently, yes. By Lotus's calculation, not replacing the A-post strips had saved National about £50 in parts plus three hours' labour.

Gething explained that Lotus dealers set their own labour charges, which varied from one

to another and took account of the level of service given.

Those who collected and delivered cars for servicing, and provided loan vehicles, charged more than those who did not.

That is fair enough. But assume a dealer charged £50 an hour. Three hours spent fitting £50 worth of A-post weather strips accounts for £20 on top of National's £333 quote, making £533. (Field's windscreen

replacement bill, remember, was £100 more than that).

David Scott, technical services manager of National Windscreen, shed some light on the matter. His firm replaces several hundred thousand front and rear screens and side windows every year.

Like most modern cars, a Lotus Elan's screen is bonded in place. Some trim items have to be replaced as a matter of course. Others can sometimes be re-used, depending on the state of the car. National leaves the decision to the skilled fitter doing the job.

"We work with the insurance companies. We try to save money by only replacing what we know to be essential," Scott said. "All our work is covered by a 12-month warranty." Did this include water leakage? I wondered. "Of course."

The years of experience accumulated by National Windscreen and other specialists like Autoglass has been recognised by the insurance companies. Many now recommend their policyholders to use them instead of franchised car dealers for glass replacement. People like John Field will understand why.

I would always go to a specialist. The last franchised dealer I asked to replace a broken screen wanted five days to get the new one - and his quote was nearly twice as high as that of an instant-fit specialist who installed one that afternoon in my own drive.

It is not unknown for some franchised garages - I am not referring to Field's Lotus

dealers - to get screen replacement specialists to do the job, anyway. The trend started long ago. A garage, asked by a customer to fit a new set while a car is being serviced, simply sends it round to the local specialist. It is good business: the work is done at trade price and the customer is charged retail.

The Consumers' Association's magazine, *Which?*, reported recently on the replacement exhaust business. It gave one of the biggest and most successful chains a hard time over allegedly recommending unnecessary work. But it admitted that prices charged at instant-fit outlets were far lower than at franchised garages.

To be fair, many franchised dealers have launched competitive instant-fit operations of their own covering tyres, batteries, exhausts and servicing.

The tyre, battery and exhaust specialists have responded by moving into servicing and clutch and brake replacement.

Once most straightforward, family-type cars are out of the manufacturer's warranty, it is no longer essential to have them serviced by a franchised dealer. Shopping around for routine servicing can save time and money. It is no different from getting several quotes for painting a house, building an extension or buying new tyres.

Sophisticated cars can be very expensive. The high cost is worrying the leasing and contract hire companies; indeed, Stan Thompson, treasurer of

the British Vehicle Rental and Leasing Association, complains: "The cost of maintenance is going through the roof."

He suspects bills are being loaded by small extra jobs, sometimes unnecessary.

"Because of the difficulty of checking these smaller items, a £250 job becomes a £300 or £320 job. I feel we are being taken for a ride," Thompson adds.

The association's official journal cites a contract hire company's bill for £4,000 from a franchised dealer for repairing two executive cars. When they were inspected by the company's technical director, one car was found to have needed a £50 repair and the other a repair costing £100.

What can the private motorist do? While a car is under warranty, take it to a known and trusted franchised dealer. When parts have been replaced, ask for the original ones to be put in a plastic bag in the boot. Some garages, especially on the Continent, do this automatically.

And when the car is out of warranty, look for best buys in servicing as you would for anything else.

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GARDENING

Under Granada's enduring spell

IN SPAIN, it is a Fifth Centenary year, but there is more to 1492 than Christopher Columbus. Five hundred years ago, he did indeed sail from Spain to America, believing that he was heading to Asia by a back route. He was not, however, the only important event of the year.

A few months before, Islamic rule had lost its last seat in Europe: the city of Granada was surrendered to the Christian Catholic monopoly of the new rising stars, Ferdinand and Isabella. "We must adopt the Moslems' works of charity," advised the first Christian archbishop of Granada, "and they must adopt our faith." No sooner had the last Moslem marginal been recaptured than the victory rounded on the third party: in 1492, triumphing Christians savaged the Jews.

It all makes for a fitting Fifth Centenary, the more you look at it. First, victory — then, intolerance. The economy, meanwhile, was about to be rescued from the New World by a man who had no idea what he was doing and had actually lost his way.

There is also a horticultural story to it all. On the hills of that same Granada stand not one, but two, of the world's great gardens; with a third, nursery garden of flowers and shrubs across the hills between them. Their history is one of changing masters, from Moors through Christians to modern Spaniards.

Their origins go back to the last of the Islamic dynasties in southern Spain, the Nasrid sultans of the 13th century. Of the two, the Alhambra is older and more famous, although many of its smaller patio gardens and intricate formal hedging are much later additions to the original. None the less, we can still derive an idea of the Moslems' taste from the Alhambra's famous Court of the Lions and Court of Myrtles.

In the former, excavations have shown that the central paths originally were raised above four lower flower beds to show off a carpet of blossom which the sultans viewed from a garden pavilion, spanning the point where the water canals met. A Moorish poet of Granada describes a similar design in the 14th century, "secret for private conversation but open to the approach of inquisitive visitors." Perhaps it was covered already with jasmine and other climbing plants.

These early Islamic gardens were planned for sitting and conversing among the light and shade of evergreen trees, the scents of roses and climbing plants, and the constant play of water. I find it fascinating that so little has changed in the aims of Mediterranean gardening across the centuries. Subsequent masters added Italian and French style, more box hedging and, latterly, in Spanish

above. Twelve stone fountains, as we can still see, supplied water into an "underfecting" canal among a pattern of low-lying formality.

In the Court of Myrtles, a broad canal of water ran up to a neat circular conclusion, just as we witness it. Probably, it was flushed even then by the evergreen hedging and canopy of climbing jasmine which we still enjoy.

The fascination of the Alhambra is its particular use of light, inscriptions and architectural decoration. The gardens are fine, but I never think that they compete with those in the Generalife garden, which was begun in the 1300s as a small summer residence for the Moslem governors.

There are two derivations of the Arabic name — "garden of the architect" or "nobles of gardens" — and I like to think that it referred to both.

Here, too, the garden has a link with its first, historic plan which goes back way before 1492 to its Islamic phase. In 1988, archaeologists found the bones of the original Islamic garden beneath the Generalife's present Courtyard of the Fountains. Its plan was not so different from the one which we now see but, like so many Islamic gardens, it was divided into four symbolic sections. This pattern is now known all over the Islamic world, from Spain to Afghanistan.

In the centre stood a garden pavilion, spanning the point where the water canals met. A Moorish poet of Granada describes a similar design in the 14th century from Arabic books and poems and a calendar of the seasons, as described in the nearby city of Cordova. Spanish gardeners since 1500 have done most of the planting which we now see in the Generalife, but much of it would not have seemed odd to its old inhabitants.

A stone staircase runs down from the highest terrace in the garden, but its handrail is made as a channel for a falling and constantly-moving stream

which washes you happy in imagination of retirement as the sultan's man on the hill.

In the Generalife, the great Islamic pavilions remain and their Islamic decoration and inscriptions are unimpaired. They look down the one surviving canal of water from the highly original design and stand beneath one of the lowest features on the site.

A stone staircase runs down from the highest terrace in the garden, but its handrail is made as a channel for a falling and constantly-moving stream

circled the planting. We know something about the flowers of Spanish gardens in the 14th century from Arabic books and poems and a calendar of the seasons, as described in the nearby city of Cordova. Spanish gardeners since 1500 have done most of the planting which we now see in the Generalife, but much of it would not have seemed odd to its old inhabitants.

Cypress, myrtle, blue iris, jasmine, red roses, thyme and narcissus are but a few of the flowers known to have been

loved in the gardens of this region under Moslem rule in the 14th century. Since then, some awful xianias have intruded, but there have also been gains from discoveries in the Far East which Moslems never imagined.

This very week, the Generalife is the size of a marvellous curtain of white Banksian roses and cascades of pale purple, scented winteria. It would take only the smallest discipline and artistic exercise to banish some of the accompanying modern Spanish rubbish and transform the place into a Sissinghurst of southern Europe. Nightingales still sing in the myrtles of the garden's upper terraces, while plaster busts of classical figures look across from the highest terrace to the soft pink stone of the Alhambra's outer walls.

In this anniversary year, it is the continuity which continues to impress me. When Arabs first came out of their peninsula into Syria in the 7th century, they had not a clue about proper gardens — let alone the natural, springtime olives and blood-red anemones of Syria; the doves and quinces of Iran; or the wild tulips and irises which stretched through southern Asia and north Africa.

In the Koran, their prophet had pictured gardens in heaven only, thick with grapes

and fruits; his heirs now found natural gardens all around them in landscapes which Mohammed had never imagined. They were not slow to take to the Mediterranean's natural lessons. There are early reports of huge acts of terracing and transposing as Arab patrols shipped garden plants from one end of the Mediterranean to the other. They fell naturally into a style of greenery, intimacy and water; nowhere seemed more perfect for it than the plains around Granada.

During six centuries since, four other cultures have imposed themselves on the two Granada gardens. The Islamic rulers' one surviving monument in this field, in spirit, almost all of them have been striving for a similar effect, although empires and national labels have changed around them with the centuries.

The two great gardens of Granada need no single century to make the point. "Granada," wrote the finest of Arabic poets in the city's golden age, "is a bride whose crown is the Alhambra, whose jewels are flowers, whose mirror is the surface of its pools, and whose earrings are the drops of frost."

After five centuries and more, that picture is still recognisable.



Part of the Generalife garden, a monument to medieval Islam

Robin Lane Fox discovers that the earthy legacy of Islam rivals the voyage of Columbus as a monument in the history of Spain

which whilst makes you happy in imagination of retirement as the sultan's man on the hill.

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In the Koran, their prophet had pictured gardens in heaven only, thick with grapes

The plot thickens

THIS book *Vegetable Garden Display* has been in print for 50 years, having been first published in 1941 as a part of the Dig for Victory campaign during World War Two. It was then written by staff of the Royal Horticultural Society, all experts in vegetable growing, control of pests, manures and fertilisers and pestilence.

The rest mostly consists of a straightforward description of vegetables in alphabetical order with exhaustive descriptions of the way in which each is grown. There is an easy to follow mouth-by-mouth reminder of work in the vegetable garden, a list of books for further reading, plus the names and addresses of useful organisations and a comprehensive index.

I find the whole book so admirable that I hesitate to pick out any items for special mention but because it is still fairly new, I think many buyers will read the section on the bed system of cultivation with special interest.

This takes the place of the conventional vegetable garden and consists of a fairly wide bed with long rows running across it, often as much as 30 ft long and spaced a foot or more apart. In these the vegetables are spaced out. One can walk along these roads to sow, plant, thin, hoe and eventually harvest the plants.

Using Joy Larkcom's words, in this system the vegetable garden is divided into a number of narrow beds, generally separated by permanent paths. Most plants are grown at equidistant spacing across the bed rather than in widely spaced rows. Since all the work is done from the paths there is little need to tread on the soil, which damages soil structure.

Only those areas where vegetables will be grown need to be dug and the beds tend to become more rather than less fertile due to concentration of food and preservation of soil structure. Roots can penetrate more deeply, so plants can withstand drought better.

There are several variations to the raised bed system, including beds that are partially raised above ground level by as much as 12 in, which results in better drainage and faster soil warming.

The tops of these beds are sometimes rounded to give an increased surface area. Larkcom describes beds in the Golden Acre Park at Leeds which are edged with stones and a heavy sleeper on one side and two on the other, so the beds can be converted into frames.

The book has 160 pages, 12 more than last time, and the contents fall into two nearly equal sections. An initial 54 pages deal with tools, soil and the improvement or maintenance of fertility by means

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TRAVEL

Journey by Batty Bus to whimsical Belize

Nicholas Woodsworth finds the easy-going ways of the Belizean reefs and cays entirely to his liking

PORING OVER the pages of an atlas not long ago, I came across a country that I immediately wanted to visit for no reason other than its names. It is a tiny place, not much more than a spot on the map, but its names filled my imagination.

Only a complete cynic could fail to see happy portents in the likes of Bound To Shine and More Tomorrow. But what of ominous places like Full-Trouser Swamp, Burnt House, Go To Hell Camp? Would you prefer to live in Gallon Jug, Baking Pot, or Tea Kettle? Imagine life on Dog Flea Cay – perhaps Cockroach Cay would suit you better. What is Saturday night like in Dancing School Eddy?

Any country with such whimsical and outlandish names, I thought, must be worth a visit. It is Belize is a whimsical, outlandish and satisfying place.

While Belize has at least in theory taken its place among the modern, independent and responsible nations of this world, I am not so sure it has caught up with this world, or is even entirely part of it. The whole country seems oddly misplaced. It functions, but in a wacky, improvised way. This became apparent as soon as I stepped on to a Belizean bus in Chetumal, a border town in the Mexican state of Quintana Roo.

To begin with, no one in this bright mind who owns a bus company, even if his surname is Batty, names it the Batty Bus Company. Nor does anyone normally press a brand new, low-slung, low-gearred city bus, the kind with seats facing each other and straps for hanging, into long-haul service on tropical jungle highways; it does not stay new for long.

Nonetheless, off we set on the Batty Bus to Belize City, the motor howling as the driver put his foot to the floor and roared through the mangrove swamps at 30 mph.

Not even the musical choice on board was entirely sane. Gone were the hot and excited Latin rhythms one finds blaring over the speakers of Mexican buses. Instead, whining our way southward through the muggy December afternoon, we were accompanied by Bing Crosby in a mellow medley of Christmas songs. "Chestnuts roasting on an open fire . . .", crooned Crosby as we ground past coconut plantations and sweated into our shirts.

Not only the music, but my fellow passengers, too, seemed out of

place. Here we were in the heart of central America. To the north lay Mexico's Yucatan peninsula, to the east Guatemala, to the south Honduras and El Salvador. For 1,000 miles in every direction this was an Hispanic region, a world of brown skins, rapid Spanish inflections and excitable Latin temperaments.

Yet the people riding with me were more than a little relaxed, black, and speaking English. Like a foreign ship around, Belize seems to have drifted into central America by accident, become stuck, and never left.

My impressions were only reinforced in Belize City, a place which, with 50,000 people, holds about one-third of the nation's population. If Belize, the country, is a ship aground, Belize the city is already breaking up and sinking.

Built on a swamp at the mouth of a sluggish creek, it stands only 18 inches above sea level. Hot, steamy

Baron Bliss, an English philanthropist, Belize City would have lost count of time altogether and receded back into the primordial ooze. In a long history of colonial rule under the British crown, Belize appears the only one to have cared for the fate of Belize.

Today, the city's most notable landmarks are the results of his beneficence – the Bliss Institute, the Bliss school of nursing, the Bliss promenade, the Bliss airport, the Bliss lighthouse and the Bliss memorial are only some of them. There is, naturally, a annual Bliss Day every year to celebrate the baron's generosity.

Belize's own home-grown vitality, if it exists anywhere, reposes in people, a true salad of genes. Hacked out of virgin forest nominally under Spanish control, the country was in large part populated by African slaves brought in to work British timber concessions.

western hemisphere, 250 kms of warm, crystal-clear Caribbean water, colourful submarine life and the scattered small green islands known as cays.

It is here that the Belizean penchant for relaxed, makeshift living reaches the level of genius. You need not be efficient, time-conscious or even vaguely formal on the cays. Such anti-social behaviour is even frowned upon as a cramp to the island style of life – witness the sign on the wall of most cay bars and restaurants: "No shirt, no shoes, no problem."

I spent a few days on Cay Caulker, a mile-long island an hour from Belize City by fast boat. It is delightful. There is nothing out there to tax even the most stressed brain. The soothing effect of living with sky, water, leafy green island and not much else is immediate.

Suddenly, everyone begins enjoying life. Like Jack and Jake, a couple of dried-out septuagenarian New York wise-crackers I met, you can spend all day drinking rum punch and fishing for tarpon. Or, like Wendy, a Labour council housing manager from London, you can put scuba tanks on your back, get away from all those people, and sort out schools of fish instead. My own choice was to spend long breezy days on *Miss Conduct*, a 32-ft wooden sailing boat which, shared with three other people, cost me just \$7 a day.

Lugging along beside the reef under patched canvas sails and a warm sun, it seemed to me there was not much more one could ask from life. When we were hungry we dropped anchor and fished for snapper. If we wanted lobster or the firm white meat of the conch shell, we dived down and hunted for it. If we felt like doing nothing, we did.

The easy-going ways of the cays are quickly adopted. In no time I felt myself turning soft and lazy. One morning I told myself it was time to leave Caulker and hurry back to the real world. But that evening, when the boat returned, I met a bare-footed woman fishing from the dock. "How many are you going to catch?", I asked as she pulled in three fish. She could have caught a dozen, or six dozen, if she had wanted.

"Just enough for tea", she said.

"Fish always impatient to get caught." She coiled her hook and line. "Don't do them no good," though.

I thought that over. I would stay a little longer. The Batty Bus back to the real world could wait.

There are no direct flights from the UK to Belize. Nicholas Woodsworth flew to Belize City via Miami

with American Airlines, which offers a return fare of £508.

One reason why Belize tourism

remains relatively undeveloped is its capital's reputation for drug-related street crime, and care should be exer-

cised. Hospitality, such provisos apply only to Belize City.

There is not a great deal of travel literature on Belize. Perhaps the best guide is the Belize Handbook, from Moon Publications.



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Doing the promenade

Michael Wigan steps out on the sands at Deauville

THE SAND at Deauville is tended like a garden. The rubbish removal not effected by the busy flocks of gulls is completed by early morning sweepers and cleaners, brushing the wooden broadwalks, preparing the old wooden blue-and-white beach huts. The sea is the stage for surf-divers, idle paddlers, the strongly-tanned women rhythmically performing their breaststroke rites.

Promenading along the broadwalk is another rite, carried out by some with ancient Egyptian erectness and measured timing. Dogs are fashion items: coats trimmed in lace bows, leads of special leather. No Deauville habitué would be seen dead carting a proper-scooper, and with typical Gallic disdain for hygiene beneath the feet, pavements are plentifully dog Fouled and the back streets have an acrid aroma.

For someone like me, unversed in Europe, the striking thing about this corner of Normandy is how resolutely French it is. By which I mean that Americanisation has been avoided. There is no T-shirt culture, no amusement arcades, fast-food outlets, structural gigantism or ghetto-blasters. Deauville is a distillation of sensuous well-being – middle-aged, studied, borne aloft in culinary refinement.

We dined in adjacent Trouville, another 19th century holiday resort, sited on a long sandy beach and designed for contemplative relaxation by the seaside. Here the fishing boats enter a remarkably nar-

row channel at high tide, and disgorged their wares on to the fish-slabs on the quay. The fish has only to cross the road to Trouville's main harbour-side street before being rendered into edible form and eaten in a string of restaurants serving a choice of inclusive menus at graded prices.

Normandy is famous for eating. The activity is treated with reverence disguised by brisk professionalism. Previous training in French West Africa had taught me that the appetites of fish soup – crusty toasts, a cheesy mayonnaise and piquant grated cheese – are assembled in a rough vessel, then launched on the rich body of the soupe before being scooped up and swallowed whole.

I realised the first night out that my wife and I had strayed into an eating culture with its own special rules when a glamorous leotard-clad young woman sporting a huge engagement ring came and sat beside us and expertly vanquished a large crab, cracking the claws wrapped in a napkin in her lap, stopping towards the end only to order another.

With the help of a green salad and a glass of water, she then consumed a third, before getting up and briskly trotting off. For reasons not clear, my wife explained this fastidious engorgement of crab meat as reaction to a row with her boyfriend.

It is strange, emerging from London, to walk a street with no foreign restaurants. Exotic restaurants, yes, foreign, no. Kentucky Fried and McDon-

alds may be scrambling into Murmansk and Petrograd, but their site prospectors can cross Trouville and Deauville off the map. Who would opt for a Big Mac when a seafood starter, costing the equivalent, is heaped with more shelfish graded prices?

Coverly, we craned round to see how the natives coped with some of these. The answer, with dexterous movements of specialised utensils, popping little juicy shell-dwellers in between constantly working jaws. I was surprised to see the charcuterie and fish shops, seeing that France has almost no native stocks and they must be flown from salmon farms in Britain or Norway. But preparation is everything, and the most ordinary lump of salmon pressed in aspargus with an egg and parsley takes on a new meaning.

Deaufville and Trouville have become monuments to their pasts. The new buildings, even those which are four storeys high, are constructed in traditional half-timbered style with pitched roofs. The quantity of honey-coloured hardwood adorning these façades made me wonder where it all came from. Whatever the source, the timber is being put to attractive use, although now its function is ornamental, not structural.

The seafronts have an air of dilapidated gentility, reminiscent of a grander time when the seaview mansion shutters were open and the front lawns in the ship's "eateries".



On the manicured beach at Deauville: stage for surfers, paddlers and strongly tanned women

TRAVEL

Visions of real life in robust Rimini

Nigel Andrews takes a rest cure in his favourite Adriatic resort

"When the nuptial lights are turned on at night", says the guidebook, "you are no longer in good solid Romagna earth, but in wonderland, and the dazzling eyes of hundreds of thousands of contemporary tourists conjure up prohibited visions of Las Vegas or Miami Beach."

AH, THOSE prohibited visions. As a long-time sufferer after being prohibited fromenvisioning Las Vegas and Miami Beach, I am now a fully-accredited lover of Rimini, and have been for many years.

Birthplace of Federico Fellini, watering place for Emilia Romagna, it has a robust cheerfulness unrivaled (in my experience) in northern Italy. I go there every year for a rest cure after two weeks at the Venice film festival.

First essential: you must not think that the popular Adriatic resort is all fish and chips and沃夫ays pubs. True, it is fringed by four miles of noisy, pebbly sand. That is almost all that the TV travel programmes ever show: the Lungomare Marconi (beach), the Viale Vespucci (parallel shopping street) and the interchangeable glass-box hotels between the two.

Here, families on package trips in and out of season are surprisingly alluring in algae-free years. For children, the beach areas are equipped with mini-playgrounds; for grown-ups, with bars and little cafés; for passers-by, with some seriously wacky and enjoyable design features. I would especially like a few art critics to check out the Oasis Beach with its Rousseau-like jungle-painted arch and camel motif.

I like this aspect of Rimini, but it

would be without spiritual lumps of depraved flesh downtown, so take an extended stroll between bathing seasons. Sample the Mata Temple, with its 15th century Riminese facade by Albert prouder than an earlier Franciscan basilica. The interior boasts exquisite lunettes, bas-reliefs by Agostino Di Duccio, indicating that the art nouveau spirit was alive and well in Italy in the 1400s, and a Piero della Francesca fresco.

Then look at the Piazza Tre Martiri, former Roman forum with gracious 15th century clocktower; the 27 BC Arch of Augustus, claiming to be the oldest of Roman arches; the craggy Castel Sismondo, and the elegant Bridge of Tiberius, which still allows traffic across it even though time has gnawed at its arches like rats at a wedding cake.

You are now ready for your afternoon sea-bath. But I am not going with you. I have never bathed in the sea at Rimini, preferring to spell myself at the Grand Hotel with its quiet flower-girt pool. One cannot afford this peace, goodness known: £100 a night in the low season, more in the high.

But it is only for a long weekend. And is there a more beautiful edge-of-town hotel? The rooms are cool, high-ceilinged and furnished in walnut. And the bathrooms are so large that you can imagine yourself in one of those "white telephone" movies of yesterday, when Gina Lollobrigida or Silvana Mangano would pick the gleaming instrument out of the bath foam and cool down to it. Marcello Mastroianni or Vittorio De Sica.

As for the gardens, you will understand why I need this place after Venice. Bosky bower of pine, the occasional willow, a dove aviary and a fountain with a stone Neptune



More spiritual than you would think: Rimini's Ponte Tiberio, still serviceable though gnawed like a wedding cake

time pointing a trident at the reception desk. The garden is artfully flooded at night, inviting the hotel's dinner guests to wade down the steps into the fragrant Arcady.

You should have a car in Rimini so that you can visit nearby Pesaro (optional), Urbino (essential) and Italia in Miniatura (take the children). This last is a knee-high theme park. You wander concrete walkways between pint-size simulacra of St Peter's, the Colosseum, the Doge's Palace. Every famous Italian erection is here, with a circular monorail to allow aerial views. Make sure you also visit the woody enclosure at the park's rear where large plaster dinosaurs roam.

Pesaro and Urbino offer culture. The first has a fine picture gallery and a 15th century ducal palace.

The second is a hilltop town with another ducal palace that will blow

your eyes out. Rising tall into the sky from a corniche on the edge of town, its sun-bleached pink stone ascends four floors, flanked by round towers. White loggias frame the windows, which gaze down on a verdant valley.

You may not want to venture inside the town – enough to goggle at this 15th century masterpiece built by a Dalmatian architect for the local Montefeltro family – but

if you do you will find Raphael's birthplace and the well-stocked National Gallery of the Marches.

Back in Rimini, the sun is sinking and the beaches are emptying into the Viale Vespucci. Let us not be snobbish. This is a thoroughly cheerful street after dark, give or take a few English soccer hooligans and mad German families in lederhosen. One may eat at La Taverna Degli Artisti or (better) Chez Nous

or (better still) La Caffè En Rose. Then one may sit at a pavement café sipping one of those small black bullets called espresso.

The world will pass by and you can play the game called "First person to spot a Scotsman in a kit eating a conetto ice while reading *Il Corriere Della Sera* wins a free sambucca". I have never won such a game yet, but while there is Rimini there is hope.

Travel Books/Michael Thompson-Noel

Notes on the end of history

"IF YOU POSSIBLY can avoid cottage cheese pancakes in Slovakia, especially cottage cheese and strawberry ones from the Hotel Start in Kosice," writes Giles Whittall in *Lambada Country: A Ride Across Eastern Europe* (Chapman, £14.99). "Just thinking about them makes me want to sick again. They had ruined strawberries inside and chocolate sauce on top. Never a promising combination. And for cottage cheese, read bactaria bananza."

A paragraph like that – constructed with the precision of a very expensive cocktail – tells you all need to know about Giles Whittall and his six-month bike ride in the spring of 1990, from the Baltic to the Black Sea (Hammer to Istanbul, actually, by way of Prague, Gdansk, Warsaw, Cracow, Budapest, Timisoara, Bucharest, Sofia and Burgas).

It tells you that you are in the hands of a really good reporter-writer, someone who sees instinctively about pace and detail and has the wit to show the athlete home with *bacteria bananza*.

As his publisher says, 1990 was too soon to be writing history but a great time to be making notes and writing them up – the boys from Stasi, international pollsters (would you credit it), black

marketeers, spies turned locksmiths, vodka bums, rockers, spivs, skinheads, Mormons, Marigolda (who is crazy about the mamba), lovers, all of them observed from the inside as the royal empire withers in final chaos and disillusion.

"Like thousands of others,"

says Whittall, "I wanted to see eastern Europe before it disappeared and became a mere annex of western Europe... Once there, the idea was to ask whether the

times got started in the first place.

Unfortunately, MacLean is one of those travel writers who relies far too heavily on dialogue. There is so much reported speech in *Stalin's Nose* that you wonder how on earth he recorded or remembered it all.

You can't skim through a country in a rented car, hardly touching its surfaces, eating packaged biscuits, drinking bottled water; or you can travel close to the ground, getting under its skin, eating crocodile and monkey, finishing up in prison (if only for eight hours).

This is what Lieve Joris, a Flemish journalist, does in *Back to the Congo* (translated by Stacey Keach, Macmillan, £14.99), in which she retraces the steps of her uncle, a Catholic missionary, in Zaire, formerly the Belgian Congo.

A book that will appeal to African safari lovers is Aaron Latham's *The Frozen Leopard* (HarperCollins, £14.99), part of the *Destination* series, for which Jan Morris makes some

visible claims on the dust jacket. She really ought to control herself. Latham is ok – the book is about Kenya and Rwanda – but it is so off-putting to speak of him in the same breath as Hemingway, Dineen and Conrad, as naughty Harpcollins does.

In the Middle Ages, an estimated 500,000 pilgrims arrived annually at the shrine of St James the Great in Santiago de Compostela. These days, the number is down to about 5,000. Modern pilgrims travel on foot, by bike, by horse, van, bus or car. Many drive as far as Roncesvalles in the Pyrenees and walk the remaining 700 kms, taking about a month.

What is it all about? What do they think they are doing? You will find most of the answers, plus some nice pictures by John Miller, in James Bentley's earnestly researched *The Way of Saint James* (Pavilion Books, £14.99) – a journey through faith and history, as his publisher aptly calls it.

Escape to the Dales by Bob Allen (Michael Joseph, £13.99)

is charming with some very fine photographs; 45 walks in and around the Yorkshire Dales. Why labour through Ribblesdale and Dentdale, Wensleydale and Swaledale, Wharfedale and Nidderdale, when you can sit in Notting Hill and have it done for you?

Brookshire man, swears that the hunting of the wren took place there within living memory... but I could not substantiate any one who could substantiate his claim.

Badgers, buzzards, herons and ravens have found a home in the valley. Red kites, falcons, peregrines and others are occasionally spotted. So are candle-makers, wood-turners, weavers and the like... but rarely in the depths of winter. Spring finds all God's creatures stirring from their winter hibernation.

The present meets the past in all sorts of curious ways in the Gwann Valley. This tree-lined ice-age gorge keeps traditions alive that have vanished elsewhere. Every January, 13 children dress from cottage to cottage wishing their neighbours *blwyddyn newydd da* – a happy new year. They are a fortnight late because they still keep to the Roman calendar.

Preseli has that sort of effect on you. Once there you are in the grip of a strange atmosphere, a kind of half-heaven-half-hell before-he-revealed enchantment which is hard to shake.

The area's links with an ancient past would be evident even to a Millwall soccer fan.

Even to the Roman calendar.

My husband, a south Pem-

Snapshot/Jill James

Exile's end

craft galleries, potteries and other small businesses to serve the few determined tourists who do encroach on their slender existence.

Heard is one such exile. An Essex man beavering away at the Bank of England, he did the classic career U-turn to set up every townie's dream – a stone-built country farmhouse hotel, complete with oak beams and inglenook fireplace.

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This part of Wales without falling over a standing stone, a cromlech or the remains of an ancient fort.

Carn Ingli is one of those compelling piles of stone which you have to climb. At the top, legend has it, you can talk to the angels. Centuries ago, it is said, St Brynach used to do just that.

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Cottages in all sizes, always near a station

SUSSEX is a surprise. It is easy to imagine it as suburban sprawl grown up round the railway, but as I took the train to the county where I grew up (and have hardly visited since) the large tracts of well-farmed country astonished.

So much green space – and so many old houses, medieval period to 17th century, still in use. Queen Anne and Georgian houses are few, except in Lewes, the old county town, and Chichester, the cathedral town. The "beamy farmhouse," described by Mary Still of Stacks relocation agents (0423-751508), are everywhere: rich in character, a hazard to the tall. Mind your head when you live in the county of Goodwood and Glyndebourne.

The South Downs, a low range of chalk hills, seem majestic. They rule Sussex and bar it from the sea. And – just as when I was a boy – it takes ages to get from Sussex to London by road (hard to believe if your normal route into town speeds along the M4 from the west, or the M1 from East Anglia).

Before the railways shaped modern Sussex, it was nothing but sticky clay, small ironworking settlements, and forests which the iron men chopped to fuel their forges. Journeying to the coast from London was an ordeal, however

much the wicked delights of Brighton and other Regency watering-holes beckoned the "beamies." The railway's success has meant that trunk roads have lagged. Only now is the bypass round Brighton for the A27 coast road near completion, and east of Lewes it still awaits massive

Gerald Cadogan finds many a "yes" in the green fields of Sussex

improvement.

Sussex houses were cottages (large ones, for the ironmasters)

built of wood, lashed in with wattle and daub; as in Normandy, which is Sussex's cross-Channel counterpart in everything except clay, canals and cream – in England these go to the west country).

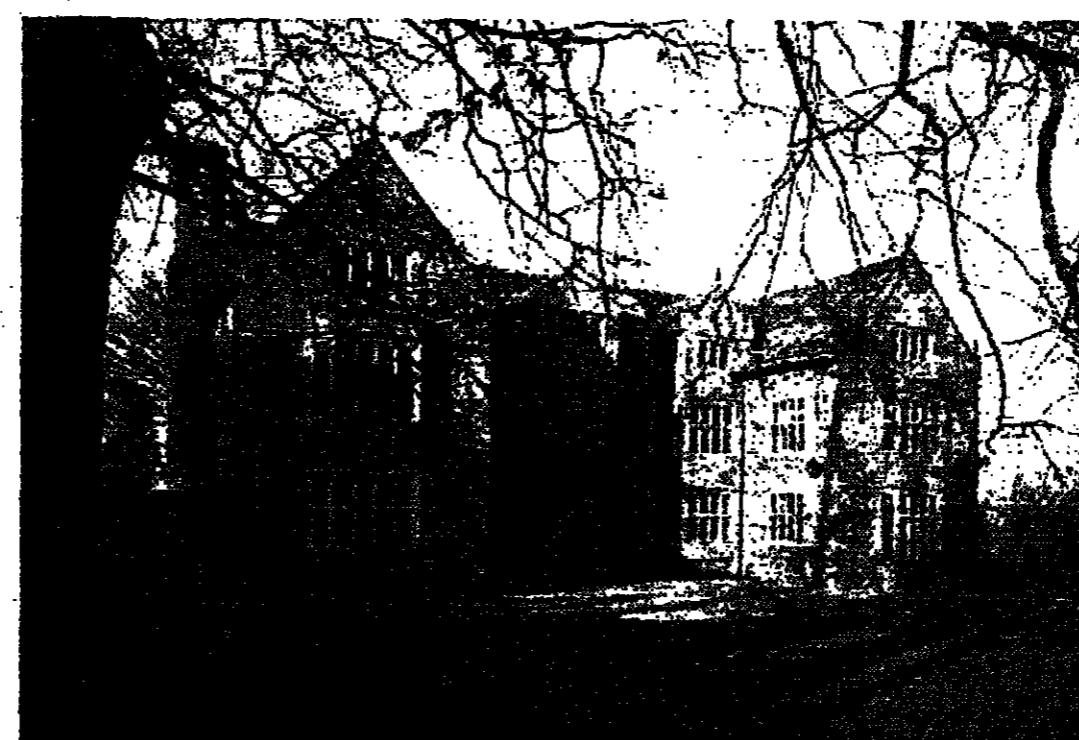
More prosperous cottage-dwellers would put a brick or flint facade on the timber frame and hang tiles on the upper walls like a shingle cladding, to protect the wattle and daub against the weather. This is the typical Sussex house. If you see brick or flint, look for timber underneath.

Although the railways brought newcomers, affluence and gentrification into the county, people still built in the same old Sussex style, endorsed in the 20th century houses of Lutyens and Norman Shaw. Besides the medieval survivors, many well-built "Sussex" houses date between 1590 and 1620 in any size, attractive places to live. They are always coming on the market, and they are always near a station.

Bridgwater, in West Chiltington near Pulborough, is a pretty 1920s cottage on offer at about £265,000 from John D Wood (071-493-106) and Fowlers in Pulborough. When you return, indeed, from the city, Sussex greenery can still put you right, thanks to a hundred years of affluence which has encouraged firm views on planning and conservation. Strategic gaps separate the towns and villages. Any moves to fill the gaps face fierce opposition.

Long-term high prices for houses and land are the result, though they are now about 55 per cent down on 1988. "If you have cash, this is the time to buy – you can be sure to negotiate a good price" is the agents' message. Interest picked up in the autumn of 1991, but then declined sharply before the election.

The few successful sales were grouped in the £100,000-£200,000 range, where purchasers were not overworried about the outcome of the election and possible higher taxes. Now the market should



Street Place, "that rarely in Sussex, a building of substance," on offer at about £1m

rebound across the board.

At the top, Humberts (073-478328) is offering a superb Elizabethan E-shaped large house and 15 acres for about £1m. Street Place overlooks a tiny village set back from the Downs between Hassocks and Lewes. It is that rarity in Sussex: a building of substance, grand enough to have stone corners, not at all in the timber cottage-style, although the hung tiles and flint in the walls say loudly and

price is £365,000.

clearly that it is in Sussex. More typical of the county is the timber and brick Mercers Cottage at Twineham (near Brighton and Haywards Heath). Well placed for the horse trials at Hickstead, it is actually two separate buildings which make an attractive ensemble: a two-bedroom cottage – ideal as a place for grandparents, teenagers or an American-style guesthouse – and a three-bedroom converted barn moved from elsewhere. The guide

is a smart merchant's house in one of England's finest towns; a place for curling up to read Jane Austen, thankful that the third of an acre of walled garden is not too demanding.

Dale Hamme at Pilton, built in 1452, offers one of Sussex's real medieval experience. Its ancient beams and inglenook fireplaces are genuine (unlike the bogus Piddington Man "found" in a nearby gravel pit), and there are paddocks and stabling for children's ponies. GA Town & Country (0825-761844) offers it at about £450,000.

An alternative with less ground, at about £225,000, is Bartsford Farmhouse at Iwood Place, near Heathfield in East Sussex. This is a late 15th century E-shaped hall house (like Street Place, but of earlier date) built by ironmasters. Unfortunately a fire in the 16th century lost the house its wings, leaving an unusual long house. John D Wood is the agent.

Further east, GA Town & Country is the agent for Great Beech near Battle of 1066 and all that, a Kentish style farmhouse with a converted east house and barn with planning permission. There are 28 acres, and the guide price is £525,000 – or the property may be split into three lots.

If you enjoy gardening, you may be interested in Stone Court at Cowdray will want to inspect the Old Rectory at Buntingford near Midhurst, complete with stables and 19 acres. Scott & Parker (073-475411) is bringing it on to the market at over £600,000. The same agents have Antioch House, an outstanding 17th-18th century town house on the corner of the High Street and Rotten Row in Lewes. Offered at over £400,000, this

is and a separate building with a double oak jetty. Another interesting scheme is on the site of the former Victorian village school at Appleshaw, near Andover, where Patrick Bogert is acting as project manager for a new Carpenter Oak frame which will act as an extension to the old brick and flint building which will be the family home.

Oak is also suitable for modern schemes such as the Coin Street development. Architect Alex Lifschutze plans that all 11 houses and 16 flats will have oak rafters and roof trusses as visible features.

The cost of the oak frame is not a high proportion of the total cost of a Carpenter Oak house. Building costs usually average about 50 per sq ft. James says, but architects' fees are likely to be high.

Carpenter Oak and Woodland, Hall Farm, Thickwood Lane, Colerne, Chippenham, Wiltshire SN1 8BE, Tel: 0225 743089

Framed in oak for custom-built living

Clive Fewins talks to a builder who believes that new barns are better than old conversions

erected over it while you live in the bungalow almost until it is demolished.

Roderick James has done this on several sites – and there has been no difficulty in obtaining permission to build an oak framed barn and demolish the bungalow. In most cases the barn has been more suitable for the site and to the architectural vernacular of the area.

Of course this cannot happen every time. But James uses his "bungalow-eating" concept to demonstrate the advantages of houses supported by giant frames of green or unseasoned, oak – in particular the speed with which a frame can be erected.

"Oak has great warmth and

strength," he says. "Its smell and colour appeal to the senses, and it weathers beautifully. People looking for old buildings have often decided that a new barn frame suits them best."

Adaptability is partly the reason for this. You can add to what you have got, and if the frame shifts, or needs more support, you can modify or strengthen it fairly easily. You can also extend a house built in this way: a high proportion of this company's work is providing oak frames for extensions to existing buildings.

Of course, our forefathers knew all about the framing method. There are few areas of Britain where, for several hundred years

until the late 18th century, oak, elm, and other hardwood framing ("half timbering," to some) was not used in building. Those old crooked buildings from the past add character to many old towns and villages.

Although Roderick James and Charles Brentnall, his co-director, are keen to dispel any myth that they have a slavish regard for the past (they are keen to incorporate modern hi-tech features into the interiors of their buildings), the methods used are essentially traditional. Each frame, designed for the individual client, is cut from oak which is still "green" – that is, used within two to three years of being felled.

Although there is no shortage of oak for building, they have a renewal policy. Through the company, you can buy a "parcel" of felled green oak for seasoning, as an investment. Carpenter Oak and Woodland also plants two new oaks for every 15 cubic feet of oak used: for an average sized barn it will plant between 20 and 30 new trees.

All the buildings are prefabricated, like their 16th, 17th and 18th century predecessors (usually in the village sawmill), and transported to the site, to be erected in between four and six days on a base already prepared by a sub-contractor.

The company also custom-makes smaller buildings such as garden structures and adaptations of barns – like the oak-framed studio being

built for Andrew Parrott, the conductor, in the grounds of his Oxfordshire home: a free standing

shed.

At the west end of the county, polo players at Cowdray will want to inspect the Old Rectory at Buntingford near Midhurst, complete with stables and 19 acres. Scott & Parker (073-475411) is bringing it on to the market at over £600,000. The same agents have Antioch House, an outstanding 17th-18th century town house on the corner of the High Street and Rotten Row in Lewes. Offered at over £400,000, this

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BOOKS

THE three best-selling writers of fiction of all time are William Shakespeare, Jules Verne, Georges Simenon, claims Patrick Marnham. Of these Simenon has had the least critical attention but wrote by far the most books; he published 183 novels under his own name and as many pseudonyms. His character Maigret, a rival to Sherlock Holmes as the world's most famous detective, stars in 76 of them; when the *commissaire* retired his exploits had been translated into 55 languages. Each "Maigret" took a fortnight to write, during which Simenon was sustained by two bottles of Bordeaux - "neither too young nor too old" - a day.

Simenon's mother wanted him to be a baker ("Have you ever heard of a poor *patisserie*?" but in 1919, aged 15, he walked into the offices of the *Gazette de Liège*, demanded a job, became junior newsboy and then a scurrilous columnist. Every word he wrote comes out of those years as court reporter, when he drank into the small hours with policemen or criminals, watching the upright burghers of Liège turn into "cheats" and thieves in the aftermath of war.

Decades, record sales and millions of dollars later, he remained a chronicler of *les petites gens*. Simenon was not Maigret, but, as this triumphant biography shows, no one else could have created Maigret's distinctive underworld or his understanding of the criminal mind (both policeman and criminal, he used to say, once stole sweets from the same sweet shop). No other serious writer stayed so in touch with his background that he kept to a

Simenon: Maigret's greatest mystery

Jackie Wullschlager on a triumphant biography of the world's best-selling detective writer

THE MAN WHO WASN'T MAIGRET: A PORTRAIT OF GEORGES SIMENON
by Patrick Marnham
Bloomsbury £17.99, 346 pages

vocabulary of 3,000 words so that everyone could enjoy his work, yet was lauded by writers from T.S. Eliot to André Gide, who called him the greatest novelist of the century.

Marnham's skill is to pull together the personal and the cultural context of the Maigret milieu, and thus the different sides of Simenon the man. His hero is at once the drinking, womanising journalist who turned the *fais d'oeurs*, the brief news items, into a chain of thrillers, and the fevered genius whose small-time tales are modern equivalents of Balzac's and Flaubert's novels of bourgeois 19th century life.

His life story is stupendous. Born in Liège to a father he adored and a mother he loathed, he changed from school swot to delinquent during the First World War, when he saw the corruption of occupation. He formed an arty clique called *la*

coupe (the herring barrel, a reference to its tightly packed meetings), whose members admired Expressionism, hung out with prostitutes and drug-dealers, and were obsessed with the symbol of the hanged man. One of them hanged himself from a church door - the story of *Le Pendu de St Philibert*; others were later convicted for murder.

Simenon broke away to Paris, stalked the cheap hotels and hookers by the *Care du Nord*, but impressed Colette with a short story. Editors flocked: Simenon's output grew; in 1928 alone he published 44 pulp novels. He was rich, gave wild parties, married but continued to prefer prostitutes, had an affair with Josephine Baker and one with his wife's maid, Boule, which outlasted the marriage. When Mouscron and Madame Simenon travelled around France and the Netherlands by boat, Boule came too; they slept in a cabin and she, in a tent on the beach, was summoned by trumpet each morning.

On one such trip, in 1929, Simenon decamped to a cafe and in a haze of schnapps "began to see the powerful and imposing bulk of a gentleman emerging, who would make an acceptable detective-inspector". The large, grumpy, imperturbable, watchful commissaire recalled Simenon's father, who used secretly to support him against his mother. But Maigret's insight into criminal motivation, his refusal to pass moral judgement, were Simenon's own: "I was born in the dark and the rain, and I got away. The crimes I write about are the crimes I would have committed if I had not got away".

Simenon is compelling because he shows how close the deranged mind is to the ordinary mind; he puts characters in positions which push them to the limits of experience and shows what happens to them at the ends of their tether. He wrote, he said, to rid himself of the ghosts of his imagination, but the personal cost was enormous.

His blackest books were driven by hatred of his second wife, Denise, when she announced he no longer attracted her. "*Fois vite*" she would say when he insisted; she accompanied him to brothels, tormented and fought him, and spent years in an asylum while Simenon contented himself with maids ("On passe toutes à la casserole" - do we all get laid? - asked a new one). His daughter, Marie-Jo, had a breakdown which Simenon could not resist turning into fiction in *La Disparition d'Odile*; its heroine attempts suicide. A few years later

Marie-Jo made a final phone call to her father and shot herself through the heart.

Asked what made a novelist, Simenon replied, "a man who does not like his mother, or who never received mother-love". His novel *Le Chat* is a pitiless account of his mother and her second husband; they married for money but were convinced each would poison the other, and kept food in separate locked larders in the kitchen. Was he subconsciously trying to please her? Before she died, he produced four to five books a year; shortly afterwards, he abandoned fiction writing completely.

In his attempt to pinpoint the key moments and motives of fictional creation, this is a model of literary biography. Like Simenon, Marnham is non-judgmental, entertaining, compact; a quick detail encapsulates a trip across France here, a novel's topography there. From pungent French countryside to gloomy Channel port, Maigret inhabits a precisely delineated imaginative landscape; Marnham explains with glee and sensitivity its origins.

An un-literary biography — Waugh without his art

GRAHAM Greene, in a much-quoted phrase, said that his friend Evelyn Waugh was "the greatest novelist of my generation". Waugh wrote to Nancy Mitford in another well-known quotation: "You have no idea how much nastier I would be if I was not a Catholic..." There is the challenge to the biographer to show how the literary genius co-existed with the cruel, tormented, snobbish, offensive, reactionary oil-rubber.

The second volume of Martin Stannard's biography opens in 1939 with the fashionable author of black comedies joining the Royal Marines as an over-age trainee officer - or rather, as he saw it, as a Catholic crusader in the defence of Christendom.

The love affair with the army was short, and painful on both sides. Waugh came to feel that he was unwanted (which was true) and that the cause had been dishonoured; his five days in Crete gave him a conclusive sense of national disgrace. He began to turn his life into a fiction - "sensitive,

Catholic, bundled out of a Protestant war because he would not compromise his honour...". writes Stannard. "Every one else had to be wrong..." Here was the impetus for his post-war writings, and also for his short, unhappy life; he retreated into a dream, a fixation with a romantic and unreal past.

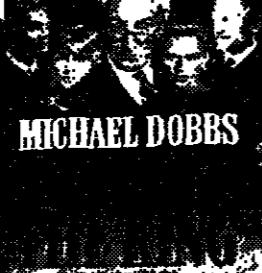
An important part of that fiction was his infatuation with

NO ABIDING CITY: EVELYN WAUGH 1939-1966
by Martin Stannard
J.M. Dent £25, 523 pages

the aristocracy. He never truly belonged to it, he was reacting against his Golders Green birth and his middle-class father. As his son Auberon has written: "Although the Wauchs were an eminently respectable family... the gulf between them and the carefree traditions of the aristocracy was as great as if he had been a fishmonger's assistant". That may be a bit strong but the idea can stand:

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Waugh's "voices" the result of an overuse of narcotics, as he afterwards claimed, or, as Stannard suggests, did the drugs release "a barrage of self-hatred... his private catalogue of self-reproach"? If he was mad, perhaps he should have bitten a few more of our novelists... Stannard's biography is

careful, readable, and appears exhaustive until one realises its great weakness, which is that it too rarely illuminates the most important area of Waugh's life - there is almost no sense of Waugh at work as writer. There is a wealth of detail about the minutiae of the years, his wartime postings, his feuds with Cyril Connolly, and so on and so forth. But what happened when this dyspeptic and lonely man closed his library door, settled at his desk, and picked up his fountain pen? We are not told. It turns out to be a curiously un-literary biography.

JDF Jones

Fiction/Stephen Amidon

Beauty and the beasts of war

A SOLDIER OF THE GREAT WAR
by Mark Helprin
Hutchinson £15.99, 792 pages

daily slaughter, he manages to keep his faith in the primacy of beauty, even going AWOL during a lull in the fighting to view Giorgione's *La Tempesta* in Venice.

Eventually, Alessandro and his unit are sent to Sicily to chase deserters up Mt Etna. Unwilling to bring back his quarry to face the firing squad, Alessandro himself deserts and is soon captured and sentenced to die. He is reprieved at the last moment by the malevolent Orfeo, a powerful bureaucrat at the Ministry of War. Wounded, he falls in love with his nurse, Ariane, only to be separated from her, perhaps forever, in a

bombing raid. He is then captured by an elite unit of Austrian cavalry (who turn out to be pacifists), and survives by helping them compose fictional accounts of battle. The war ends and he returns to Rome, a nearly broken man, sustained only by his love of beauty, *plans of gaining revenge* on Orfeo, and a barely still alive Ariane.

Despite the epic grandeur of its plot, *A Soldier of the Great War* is no mere historical romp. Rather, Helprin has written a considered, digestible, often moving novel of ideas, a book with a scope and tone

more reminiscent of the 19th century than of our times. The controlling idea here is that Alessandro's refined sensibility

- which has him risking execution to look at a painting, or noting how birds sing during a fierce battle - is the very thing that allows him to endure witnessing so much carnage, as well as enabling him to maintain spiritual communion with those who fall victim to it.

Helprin carries forward this rather tricky notion with deft style and narrative grit. Countless times in the narrative, our attention is drawn away gently

from a gruesome reality to a thing of beauty, permanence and regeneration. It is, largely, a convincing argument although Helprin overplays his hand at times, especially when it comes to the weather - this might be the most cloudswet novel ever written.

But Alessandro himself, equal parts stoic and romantic, is such a seductive figure that many readers will be tempted to put aside their scepticism at Helprin's potentially quaint philosophy. Personally, I preferred watching our hero as he wiped out enemy commandos or seduced nurses to listening to his disquisitions on the spiritual aspects of beauty. But then, that is the advantage of being able to apply so much skill over so many pages - you end up writing a novel that is sure to have something for everybody.

A C Grayling

Along the humdrum highway

THE GRANTA BOOK OF THE AMERICAN SHORT STORY
edited by Richard Ford
Granta Books £16.99, 710 pages

as in the United States." Richard Ford does not seem convinced. In his rambling introduction he is strangely offhand about the distinctive contribution of American writers.

He quotes - with some disbelief - Frank O'Connor's praise in 1962, but he does not seem to have read Maugham or any of the other commentators who have hit the same note - H.E. Bates, for example, who professed an "abiding respect for the short story in America". Apart from this one feels that *The Granta Book of the American Short Story* should have been subtitled "since the Second World War", for that is where the action is. Everywhere else begins with Irving, Hawthorne, Poe, Melville, James, Crane et alia.

Not that this matters very much, provided the guidelines are made clear. But Richard Ford does not make them clear. In fact he is so downbeat that we could be dealing with his namesake, Garrison. It is

only after reading all of his selected 43 stories that one realises what he is driving at.

He begins with some old chestnuts of the forties and fifties - for example, Paul Bowles's account of the professor who had his tongue cut out in North Africa, Robert Penn Warren's "Blackberry Winter", Shirley Jackson's "The Lottery" and Flannery O'Connor's "Good Country People". These stories reveal the underside of human nature without any attempt at catharsis.

With Donald Barthelme's "The Indian Uprising" (another favourite anthology piece) we enter the post-modernist sixties. But there is only a breath of this before we are ushered into the true holy land, the land of Raymond Carver, Oregonian manual labourer and master of the minimalist mode.

Carver is king because he successfully follows Ford's own approach to fiction, that is, that you write because "lived life somehow isn't enough". Carver's contribution is therefore a significant advance over the naivety of Bowles and the naturalistic melodrama of Flannery O'Connor. His writing is not only in the recognisable but flat, low-keyed understated. It is also strangely

moving, reminiscent in fact of that neglected master Ring Lardner, who was so admired by that other Middle Western writer, Ernest Hemingway. And it was of course Hemingway who propounded the iceberg theory of literature - that you show only one-fifth of your material. The other four-fifths lie below the surface.

The criterion is what Hemingway called "writing truly", for which purpose he said the writer had to have a built-in "shit-detector". Carver undoubtedly had one of these useful pieces of equipment and so presumably does Ford, although he modestly leaves himself out. Blake insisted on "minute particularism". Ford shot that the art lay in finding the "objective correlative".

Ford calls it "finding the 'fact'". ("Standards almost always come after the 'fact'.") That is why the last story - "The Things They Carried" - by Tim O'Brien about the Vietnam war - strikes the right note. Richard Ford's anthology shows how successfully contemporary American writers have returned to the path that Twain trod, even though that path is by now a six-lane highway.

Geoffrey Moore

ARTS

Off The Wall/Anthony Thorncroft

Welcome to the House of Fun

DAVID MELLOR, the new Minister for Fun, has quickly got into the spirit of his new job by disappearing on holiday. He has left behind hundreds of miserable civil servants who might or might not be drafted into his Ministry for the National Heritage, and an arts world wracked with uncertainty.

One nice problem – apart from where the 350 staff will be housed – is the status of poor Charles Henderson, who currently heads the arts bureaucracy but who is not high enough up the Civil Service hierarchy to take Permanent Secretary status. And Mellor's job demands a PR. For years the Office of Arts and Libraries has been a pleasant backwater, no place to forge a great career. Quickly changing this state of affairs could be a vital but unglamorous task confronting Mellor.

One thing seems certain: most of the decisions – on arts funding, on the future of broadcasting, on sport, on what national treasures should

be exposed, on whether the British film industry has a future, on the nature and scope of the national lottery, and on the gigantic celebrations for the millennium, will be taken directly by Mellor.

He might in theory be a supporter of the arm's-length principle of arts funding, but his temperament will make him a hands-on Minister. His love of publicity, and inclination to stir things up, will be given full rein. He will always be popping up in the media, the UK's fleshly answer to France's urbane Jack Lang, who achieved national notoriety as a high-profile Minister of Culture.

To general amazement there will be no specialist junior ministers

looking after the arts, or sport, just Robert Key, enthusiastic character and lover of Queen, the band rather than the Monarch, who in theory shares the decision making. But in those whirlwind few weeks in 1990, when Mellor was Arts Minister, what was most striking was his insistence on getting involved in the minutiae of the job, on how much money was destined for what theatre group, or orchestra (especially if the orchestra was the LPO on which he had been a board member). His attitude was clear cut – I'm supplying the money and I want a say in where it is going.

And supply the money he did. In a sharp elbow dig at the outgoing Arts Minister Tim Renton this

week, the chairman of the Arts Council, Lord Palumbo, thanked Mellor, rather than Renton, for forcing the Treasury to give the Council a generous grant increase for 1992-93. Mellor also found the film industry's plea for tax concessions will at last be heard.

For the arts generally, the Arts Council's pet project, a "National Arts Strategy", will be allowed to emerge this summer before any dramatic decisions are taken. Mellor was not totally committed to local arts funding when Minister – and he may well jib at the LPO being delegated from Arts Council funding to the care of the London Arts Board, as is planned. This could influence his approach to the whole devolu-

tion bandwagon: the Arts Council may now survive with only slightly diminished authority. Mellor, who gets along well with Palumbo, seems to have bought the idea of a millennium bing in the year 2000, with all Britain's museums, cathedrals, opera houses, made ship

shape for the new century.

The arts, heritage, and sport have always been the front runners but the temptation to divert money to health and education will be difficult to stop. Even if the arts receive £20m this will scarcely be enough to repair every museum, keep every 21st-century Canaletto in the UK, and purchase such necessities as a national dance house.

Oddly enough the Foundation for Sport and the Arts, another of John Major's ideas, which was promoted and part financed by the football pool companies in a vain bid to stave off competition from a lottery, is quickly proving itself a cheap, British, alternative that seems to work.

The £20m plus the Foundation gives to the arts each year is patching up the arts fabric of the nation: £2m for the Coliseum; £200,000 for Blackheath Concert Hall; £3m to save the old Ealing Studios. The RSC could be the next beneficiary. Mellor will have to fix very firm guidelines for the Lottery if it is to match the work of the Foundation.

The timbre of Indian timber

IF YOU think Indian art is about refined miniature painting and the clean lines of the Taj Mahal, then the exhibition "Living Wood" at the Whitechapel Gallery will change your mind.

Celebrating the South Indian woodcarving tradition this is a pioneering show of 120 animals, gods, spirits, chariots and architectural elements made in southern India since the 15th century. From a 2½m high, gold-painted strutting peacock used for temple processions to an equally large, sumptuously carved door of Burma teak which once led into a wealthy trader's mansion in Chittinad, all but a handful are on public view for the first time.

India's craftsmen have produced some of the world's most remarkable woodcarvings. Their skills so astounded the sophisticated Mughals who invaded North India in the 16th century that they employed native Hindu wood-carvers to build and decorate their Islamic buildings. This exhibition concentrates on the pure Hindu traditions of the South, where the Dravidian culture was never knocked on its side by Islamic invaders.

High-quality wooden sculpture has been a feature of life in southern India down the centuries, and continues to do so, but until now it has largely been ignored by academics. The vast wealth of material is mostly unpublished and thus unknown except to the more



Flying female angel, an altar or chariot figure, from Tamil Nadu
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Louise Nicholson

Radio

Annie Lennox tells all

IT WAS Ladies' Week across the channels last weekend. On Radio 1 on Saturday, Annie Lennox "told all"; we heard about her baby, but most of "all" concerned her new album, *Diva*, and her old albums, when she was half of The Eurythmics.

Radio 2, also on Saturday, presented the immortal Joyce Grenfell, who had more to talk about and talked better – how ever she talked, for she had a great repertory of English voices, despite being brought up in America. She was my next-door neighbour in Chelsea, where her assimilated English everyday voice could suggest any one of her stage voices as necessary.

And late on Monday, Radio 4 had Adelaide Hall in the first of six programmes. I can recall her from the 20s, a Broadway star, later a Paris cabaret star. Electronics works miracles with the human voice, and although she is nearly 90, we

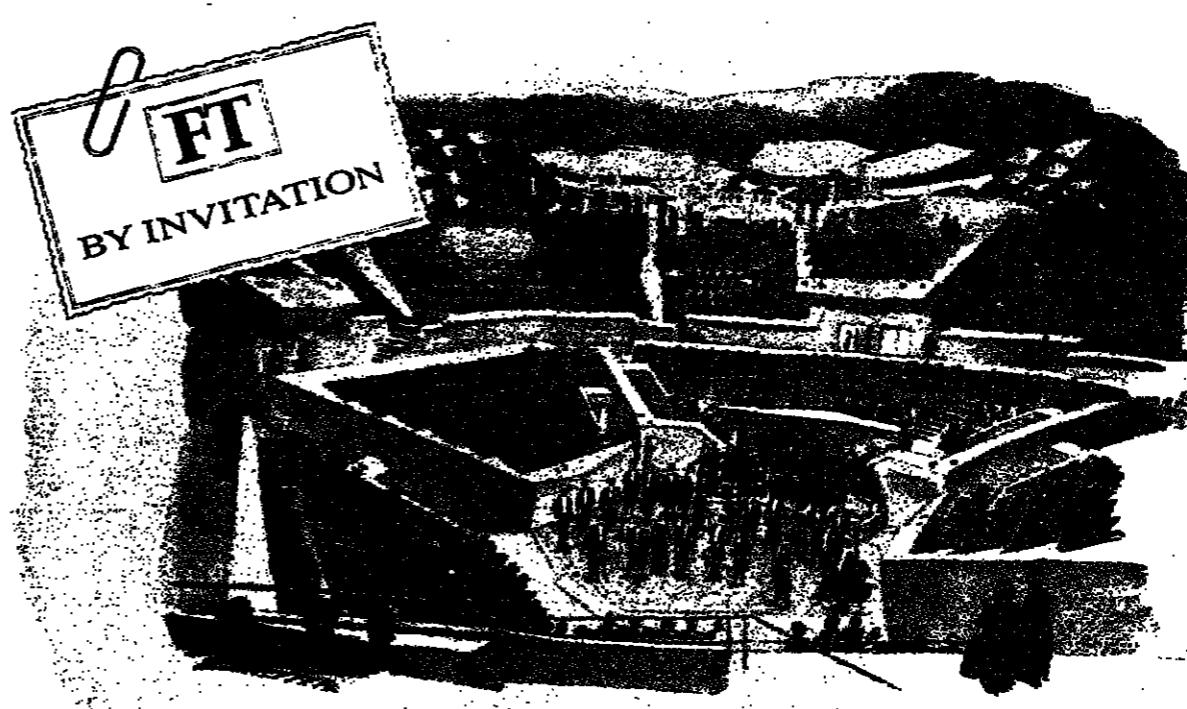
can still hear something like the same sound – though like Joyce Grenfell, she too has grown English.

Both Radio 3 plays this week were revived in memory of dead participants – a formula that might too easily send us to old-time revivals a dozen times a week. On Sunday, *The Ballad of Peckham Rye*, by Muriel Spark, with music by Tristram Cary, recalled Christopher Holme, the director, who died last year. Under his direction, it had won the 1982 Italia Prize.

When Spark's Dougal Douglas (Frank Duncan) moves to Peckham Rye, disturbance breaks out at every level of local society. It's all treated frivolously, even if concerned with such serious things as blackmail, business, assault or romance, and it is not surprising that Dougal claims to be the Devil. Some matrical dialogue is sung, but there is nothing like a real song. It was fun with no cultural objective, and yes, it was nice to hear once-familiar voices like Denise Bryer and Vivienne Chatterton.

But on Tuesday another memorial play, *Visitors*, the first play by Terence Hand, who died last year in an accident, brought very much less fun. Originally transmitted in 1984, it imagines the delusions of a senile man confined to a wheelchair (Harry Andrews, admirable as always), veering from romantic fantasies to a vision of death. It seemed sentimental and unconvincing.

B.A. Young



A classical weekend in Vienna with The Chamber Orchestra of Europe

The Financial Times invites its readers to join us for a weekend in Vienna to hear The Chamber Orchestra of Europe. We have reserved the best seats at the Musikverein on the 6th and 7th June, when Franz Bruggen will be conducting concerts of Bach, Mozart and Schumann, with Alfred Brendl.

The arrangements we have made with Austrian Airlines and the five star Bristol Hotel allow you to plan your trip entirely to suit yourself, and you may stay for as long as you wish, travel when and from wherever you want, or indeed make your own travel or accommodation reservations separately. All prices take advantage of the special rates we have negotiated – for example three nights at the Hotel Bristol, with return flight from Heathrow and one concert would cost £597, while a stay for only Saturday night would be just £393.

RSVP by completing the coupon opposite. We hope you can join us in Vienna.

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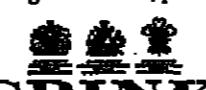
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ARTS

Spoils of reconquista and jihad

Patricia Morison on an exhibition of Islamic Art in Granada

FIVE hundred years ago Al Abdallah, last Muslim ruler in Spain, meekly handed the kingdom of Granada over to the Christians and stunk off to exile in North Africa with his mother's reproach ringing in his ears: "Weep like a woman; you have not defended your kingdom like a man".

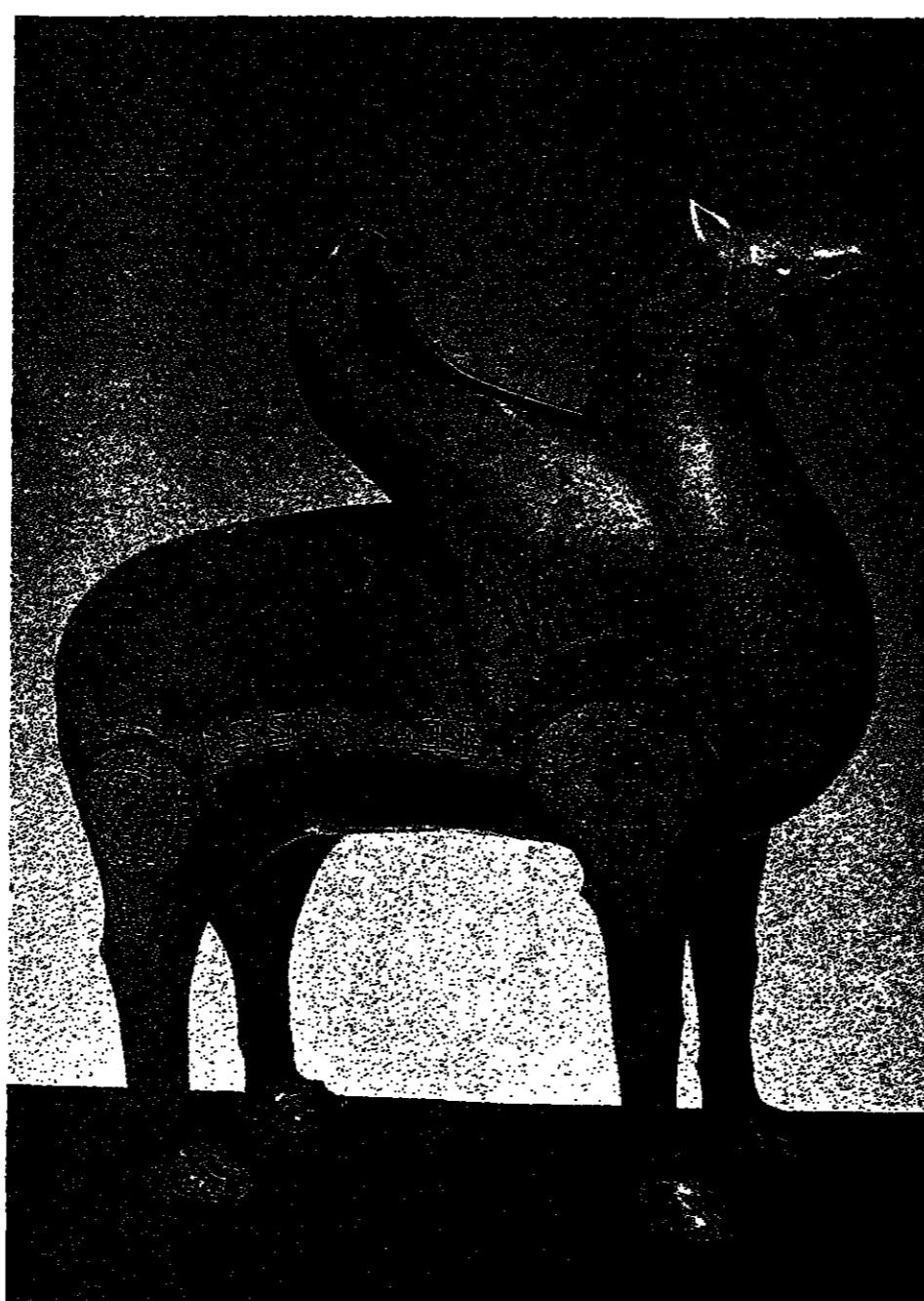
Generations of travellers, ravished by the beauty of the Alhambra, have understood why Al Abdallah would have wept. The Nasridi rulers' palace is the most intact and satisfying monument of Islamic secular architecture to have survived in Andalusia. Now, for the first time, the palace has become the setting for an exhibition: *Al-Andalus: The Islamic Arts of Spain*.

For this exceptional event, artefacts have been brought from museums and cathedral treasures throughout Spain and abroad - from libraries in Cairo and Istanbul, from collections in the US, St Petersburg and Copenhagen, and from mosques in Fez and Rabat.

Made over a period of seven and a half centuries, between the establishment of the Umayyad caliphate at Cordoba and the final triumph of los regos católicos, these luxury objects include some of the most notable masterpieces of Islamic medieval art.

There is one big problem about this glamorous show, a joint venture between the Alhambra and the Metropolitan Museum of New York. In theory, these objects should be more at home here than at any time in the past five centuries. They are dispersed around rooms of legendary beauty, covered with classic makkaras or stalactite plasterwork, with ceilings of inlaid wood and the Nasridi's carved reminders that "There is no conqueror but Allah".

In practice, the exhibition fights with its setting. Display-cases and panels have been shoe-horned into the sultan's apartments, half-obscuring tiled walls and fibreglass structures, blocking niches. In the first important room the visitor enters, the Mexuar or council-chamber, the walls are hidden behind huge photographs of the interior of the



The Pisa Griffon, a winged monster the size of a foal, which stood atop the cathedral until 1822

swords, and Arab stallions of the Saracens.

The massive silver-gilt casket of Caliph Hisham II from the treasury of Gerona cathedral was probably given by the counts of Urgel or Barcelona, recruited shortly after the millennium by the caliph's governor in return for all the booty in Spain.

The Pamplona casket of carved ivory, with its wonderful scenes of court life, hunting, and date-picking, was commissioned at the same date to celebrate the Muslim conquest of Leon.

From further afield, too, the spoils of reconquista and jihad have been reunited. Around 1100, the citizens of Pisa saw a winged monster put on top of their cathedral, where it remained until 1822.

Tradition has it that the Pisa Griffon, a stolid beast the size

of a foal, was looted at the conquest of the Balearics. As with the Lion of Venice, scholars dispute where the monster originated - Islamic it certainly is, and perhaps a fountain decoration, but was it made in Egypt, Iran, North Africa, or Andalusia?

When Muslims had the upper hand, they would carry off church bells and convert them into mosque lamps: two beautiful examples, temporarily stripped of their electric light-bulbs, have been borrowed from the Qarawiyin Mosque in Fez.

Certain exhibits will be seen only in New York, such as the minbar (pulpit) of the Kutubiyya Mosque in Marrakesh. In Granada, the textiles are also considerably reduced. Never mind, what we do see is simply marvellous, such as the red silk used to line the reliquary

casket of a Visigothic saint, St Millan.

From the last days of Nasrid rule survives exquisite armour and, as part of a cardinal's pickings, a great curtain such as might have draped the sultan's chamber. The exhibition catalogue gives an engrossing account of the splendour of court-culture at Cordoba, Medina al-Zara, and Granada.

My recommendation for Spain's quincentenary would be to visit Granada and then, armed with the catalogue and Michael Jacobs's excellent *Guide to Andalucia* (Penguin), to set out on a dogged search for the not-quite vanished splendours of Islamic Spain.

Sponsored by Banco Bilbao Vizcaya in Granada, to 7 June. At the Metropolitan Museum of Modern Art, New York, 30 July to 27 September.

Howard Haskin as Vova in *Life with an Idiot*

Unrealised promise of Schnittke's Idiot

Max Loppert reviews the premier of an opera which brings together four remarkable Russians

ALFRED Schnittke is the living Russian composer with the widest world following. The honour of mounting his first opera, *Life with an Idiot*, has gone to the Netherlands Opera at the Muziektheater in Amsterdam, a city with strong Schnittke allegiances.

Opening night was undoubtedly a big occasion on the 1992 opera calendar. It was also an evening of powerful exhilaration and disturbance, fascinating and unsatisfying at one go. The age of glomost is long established, yet there was still something peculiarly affecting about the collaboration of four remarkable Russian artists who only a decade ago were all victims of the Soviet regime.

Schnittke himself was long considered a musical dissident; the 1980 novella by Victor Yerofeyev on which the opera is based (and for which Yerofeyev himself wrote the libretto) was a samizdat publication; Boris Pokrovsky, the Moscow veteran responsible for the Amsterdam staging, spent a long period of forced exile in the Russian artistic wilderness; and the sufferings of Mstislav Rostropovich, the conductor, are well known.

With foreknowledge of the common factors linking the team, one was bound to scan *Life with an Idiot* for tokens of political comment, satire, allegory. And in truth, these were not hard to find, especially since Pokrovsky chose to underline them above all by presenting the Idiot of the title as an obvious Lenin caricature.

Yet at a first encounter the whole proved too elusive for any tidy critical response. The ideal audience for this zany farce streaked with angry melancholy would obviously be a metropolitan Russian one directly responsive to the sung words, alert to all the social-protest overtones; even after an advance reading of the libretto, and with occasional help from the Dutch surtitles, the non-Russian-speaking spectator was placed at a considerable disadvantage.

Three main characters - the university-lecturer protagonist ("I"), his wife, and Vova the idiot - weave the plot, while the chorus alternately comments on and adds detail to the narrative. For some unspecified offence against the Party, "I" must undergo the (relatively lenient) punishment of sharing his small apartment

with an asylum patient. But Vova turns out to be far from the sweet old man he first seemed: "Ech!", the single sound he proves capable of uttering, develops into a wail as in successive stages he wrecks the couple's possessions and their marriage. Having in turn slept with both, he escapes, leaving the wife murdered and "I" ready for asylum commitment himself.

Schnittke's and Yerofeyev's anti-Russian brand of comedy is descended from Gogol and more directly, from Shostakovich's Gogol opera, *The Nose*. Indeed, Shostakovich's stirring-together of parodied popular numbers and more complex voice-and-chorus combinations provides the key to Schnittke's score. A parallel can also be drawn between Vova's ever-expanding one-word cry, a rich source of amusement throughout the evening, and the vocalise given to the aria dressed as an aristocrat in Henze's *Der Junge Lord*.

But in its go-for-broke switches and risks everything contrasts of musical tone: Old Russian, folk-Russian, joke-Viennese, cod 18th-century, high coloratura salles for the Wife, and the tenor Howard Haskin, wonderfully dotty (and quite unrecognisable) as Vova.

With all the qualifications already made, I sense that *Life with an Idiot* is a new opera with a big future.

que diversions are here included: at one point Rostropovich abandons his baton for the piano part in a tango band, at another he picks up his cello and essays a delicate mournful waltz-meditation. As part of a larger dramatic pattern the jokes come off, brilliantly.

The problem is an unevenness of parts. Act 1, bursting with raw vitality, is followed by a second act much more attenuated and less striking in musical invention. How far Schnittke's bad health was responsible it would be impossible to speculate, but I came away from the first performance longing for the work to be slimmed down, sharpened in focus.

Even during Pokrovsky's deliciously picaresque production, with instrument groups disposed on far balconies and choruses marching madly up the theatre aisles, the feeling of huge promise unrealised grew ever greater. This is no criticism of the Amsterdam performance, admirably committed, and least of all of the three Americans leading the cast: the baritone Dale Duesing, tireless as "I", the soprano Teresa Ringhofer, a sweetly appealing Wife, and the tenor Howard Haskin, wonderfully dotty (and quite unrecognisable) as Vova.

With all the qualifications already made, I sense that *Life with an Idiot* is a new opera with a big future.

Some typically Schnittkesque

Runs until April 30



Screen

Maniacal iconoclast of film convention

Nigel Andrews talks to the Danish film director Lars Von Trier about his latest film, *Europa*

colour mixed with monochrome, 3D deep-focus effects, cameras passing through solid objects, back-projected dream images...

"I don't like *Citizen Kane*," insists Von Trier in a sunny Cannes garden. "I like Welles very much, but *Citizen Kane* is too obvious. I prefer *The Lady From Shanghai* and *Touch Of Evil*".

But he clearly shares the Third Reich flame into acts of postwar sabotage, are depicted with alarming sympathy. In Cannes a well-known left-wing daily viciously attacked the film.

He also enjoys kidding people along: not just interviewers but audiences. *Europa* winds us up with its violations of stylistic orthodoxy and also with its plot about an idealistic American (Jean-Marc Barr) arriving in Germany after the war and falling in love with a beautiful Nazi sympathiser.

The terrorist group called the "Werewolves", who carry the Third Reich flame into acts of postwar sabotage, are depicted with alarming sympathy. In Cannes a well-known left-wing daily viciously attacked the film.

People have been shot for jokes like that. Still, *Europa*'s provocateur political postures are half its fun. The other half is its delicious mise-en-scène.

"The camera moves were so elaborate we had to plan and storyboard almost the whole film. The shooting script was 1,000 pages long.

The whole film was made in

production, so they don't like the commercial aspect. But also they think I am siding with the Nazis which I am not. The film is seen through Leo's (the hero's) eyes: the Germans are victims at the beginning, but by the end that has changed. We had a joke, though, that I would win the Iron Cross for the film!"

"Liberation, which supported me before, was quite negative about *Europa*. This was an expensive multi-country co-

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"Some of the shots which look impossible, like the camera going down through two floors to the bathroom where a man cuts his wrists, were quite easy. We used dissolves that the audience can't see. But some difficult shots were done for real."

"When the camera passes out from the attic room through the roof of the house and then into a train passing by, that we actually did."

"Also we used a lot of back-projection, because I love the way Hitchcock used it in films like *Vertigo*. Back-projection creates a dreamlike effect because it's so unreal. It divides the image into different layers, which in *Europa* we exaggerated by using colour and black-and-white."

"When we wrote the script we spelled it out in terms of close-ups, long shots and so on

And whenever we used colour we called it a 'super close-up'."

The film has conjuring tricks

aplenty, but also real magic. Most of all in its weirdly satisfying pot-pourri of influences, from British TV (*Von Trier stole the post-WW2 "innocent abroad" idea from *A Family At War**) to Franz Kafka. Europa's humour, especially the scenes in which two eccentric railway examiners put the train-guard hero through his paces, is pure Kafka.

"I love Kafka. He was a great influence on my other films and I chose the title of *Europa* as an echo of *Amerika*. It's really the same story told in reverse. This time the innocent American comes to Europe. He enters a chaos of different lives, different traditions, loyalties and opinions, which I think is the charm of *Europe*."

Seeing *Europa*, with its marriage between (almost) traditional plot and go-for-broke stylistic experiment, one realises how visually tame most feature films are. "Cinema is so expensive, that's why it's so conservative," says Trier. "At the beginning of the post-pomo era, I was very hopeful. I thought film was becoming more experimental and that would feed through into mainstream cinema. That hasn't happened. Today you still sell a feature film on its story, whereas a rock video can be sold on its images."

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Seeing *Europa*, with its marriage between (almost) traditional

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THE gloating must stop. There is nothing better than a good gloat, but all good things must come to an end.

Those of us who supported the Conservatives in the election, even though we were told that we were backing the losing team, and that we would be in the dustbin of history, have had our moment of triumphalism. The time has now come to unite the nation. In particular we must offer cheer and hope to those of our acquaintance who voted Labour, so that they can face the next five years with equanimity. Better that, or else our socialist friends of more than slender means might join Vanessa and Colin in the Workers' Revolutionary Party, and then a civilised dinner party conversation would become all but impossible.

It was in fact on election night

Pity the lobster socialists

Dominic Lawson offers a plan to help wealthy Labour voters carry on

itself that I felt the first pangs of pity for the losers. The proprietor of *The Spectator*, Conrad Black, had thrown a party at The Savoy (Champagne and crustaceans 11pm to 4am RSVF); and while I would be lying if I said that the dominant mood of the evening - after the Labour result came in - was not overwhelmingly triumphalist, there was also a smattering of champagne and crustacean socialists present.

One could see the lobster turning to ash in the mouth of these people and one wanted to do something to cheer them up if only to make sure the Black party went with more of a swing than that enjoyed by the Labour party.

voters who now vote Liberal, that Paddy Ashdown is unelectable.

That should not be difficult. In the meantime, however, Labour voters, particularly those of a substantial means, must find a way of triumphing over Conservative greed and self-centredness. There is a simple solution.

Labour voters should first of all

take heart that the Conservative share of the poll was, at 41.9 per cent, exactly the same as it was in the 1986 general election, when Labour gained an overall majority of 98 seats. So, even if the Conservative share of the vote remains at this apparently impressive level, all Labour has to do is persuade former Labour

policy objectives - although they are mistakes if they think that a Labour government would have paid them higher taxes in some hypothesised way, directly to the Department of Health and Social Security.

But such cynics need not pay their additional voluntary contributions directly to the Treasury. They could donate their money to any National Health Service hospital which has clearly stated that it will not become a self governing trust, or to any state school which has decided not to opt out of education authority control.

I know that many of my Labour-voting friends might object on the grounds that their money might go to further Conservative

a fraction of that pledged by John Smith in his Shadow Budget. But it seems that about 20 per cent of those described by advertising agencies as ABCs, voted Labour, so the amount raised will be negligible either.

This voluntary tax is of course not designed purely for disappointed Labour voters. The idea comes straight from the practice of Margaret Thatcher.

In all the years of her prime ministership she refused to take up her full pay entitlement instead choosing to take only the amount paid to every other Cabinet minister. In this way the Treasury retained about £230,000, to spend on the beneficiaries of government aid. Will the Labour well-to-do be as charitable as the former prime minister? Or will they give the rest of us reason to start gloating all over again?

■ Dominic Lawson is editor of *The Spectator*.

Murder scandal golf

Michael Thompson-Noel

HOW NICE, now that the UK election is over, to get back to a normal daily intake of murder, mystery, mayhem, scandal, sex, golf, recipes and positive feminism, and to reflect that no-one who lives and votes in Britain need scan or ingest a single wacky story about polls or politicians for at least a couple of years until murder, mystery, mayhem, scandal, sex and golf wreak implacable havoc in the constituencies and we are cast, like gamblers down a well, into a fresh round of election madness.

Not that I didn't enjoy the election. I am not one of those people who finds elections boring, or argues that there is nothing to choose between the parties anyway. Yet even my patience can be tested to collapse by newspaper editors' penchant for poll-based punditry.

Which is why I have spent the past few days luxuriating in the discovery that there is life beyond elections - that there are things going on just as they always have, in a furtive, whimsical dance towards the end of time.

Take sport. I expect you thought that the clamour of the UK election was as great that something as intrinsically silly and marginal as horse racing had quietly folded its tents and stolen into the night, never to be heard from again. Not a bit of it. On and on it goes: hundreds of races daily, millions' worth of bets, all of it conveyed to readers of the sportspages in the special jockey-prone in which horsemen writers have to sit a degree before the Jockey Club allows them on to a racecourse. Henry Cecil, the famed Newmarket trainer? You thought he had expired? Gone to a higher pasture? Not a bit of it. He is still winning races, just as he did at the start of his career in 1896.

HAWKS & HANDSAWS

Golf? You thought that golf had quietly died? Absolutely not. In Georgia, a man called Fred Couples won the Masters last weekend and is apparently set fair to become "the first truly dominant American golfer since Tom Watson," whoever he was. Cricket? I am afraid so. Rugby? But of course. Soccer? Badminton? Gymnastics? Snooker? Speedway? Squash? Utterly and absolutely. In fact, more than there was before.

Another commodity surging through the newspapers in greater and greater quantities than anyone can recall is sex. On Thursday I bought the *Mail Express Star Star Today Mirror and Sport*. They were awash. What priceless comics they are, especially the first three. I won't quote specifics, because journalists on posh papers who entertain their readers with synopses of mucky stories from the comics are generally accused of voyeurism, which is not something to relish.

But the sap is rising fast, and is seeping into the qualities, especially into *The Times*, a paper I admire. On Wednesdays it runs a column by Lynn Truss called *Single Life*, which is probably doing more to inflame the circulation of *The Times* than 1,000 columns of punditry by tiresome Peter Riddell.

This week, the wonderful Ms Truss was writing about the onset of warmer weather and how it affects her mind, especially when confronted by "blokes with squeezes who haunt the traffic lights at Vauxhall Cross... They are, I fancy, generated out of the swirling grit of Vauxhall by the mystical action of the sun, like crocodiles from the mud of the Nile."

As you know, I am related to all the Fleet Street editors. The next time one of them asks me how to improve his publication with sap and visibility, I shall tell him to cut his number of political columnists to one, purge his payroll of in-house intellectuals, cancel his market research contract, dispense with bienary polls, forget about elections - and ponder the words of Ms Truss, who has more bubbles than Perrier and in the sort of writer editors will have to woo and flatter if they hope to steer their publications over the reefs of media fragmentation (more and more specialised readerships) without splintering like matchwood.

For good cheer, though, nothing could equal an editorial in Thursday's *Mail*, which read in part:

"Oh to be in Britain now that April's here and the election is over. Birds are nest-building. Househunters are eyeing the estate agents' windows with new, predatory enthusiasm. And, despite the continuing economic chill, there is an unmistakable scent of recovery in the air."

It's a pity they haven't heard about that asteroid careering towards Earth.



Private View/Christian Tyler

The nine lives of Chaim Herzog

"I don't think there is anything as bitter as a religious war, and that's what you've got today in Northern Ireland. I've done my best in my period of office to prevent that happening here. Here there's a lot more nonsense."

Israel's unending conflict with the Palestinians and the Arab states (that is, apart from Egypt) was due to lack of leadership on the other side, not religion, Herzog said. Islamic fundamentalism was a growing threat but that was problem for many countries other than Israel.

As he spoke, the windows were rattled as if by some distant explosion.

The presidency has become politically a great deal more delicate as the Israeli electorate has moved to the Right: in his nine years at the helm, Herzog has had to stitch together six precarious governments and may be called upon to do so again after the general election in June.

I tried to discover whether Herzog, a former Labour member of the Knesset, had himself moved to the Right over the years. Did you imbibe socialism as a youth in Ireland? I asked.

"No, not necessarily. My late father always maintained that true socialism was preached in the Bible.

I asked him whether Israel's preoccupation with its own security had not left its leaders unable to

phy of the Bible, not of Marx."

You have the reputation of being a right-winger on questions like settlements in the occupied territories, I said.

Herzog countered that he had never made his views known and would not do so now. But he went on:

"There is a tendency to be facile about this issue. One of the great problems of the West is they don't understand the Middle East. I've said this on many occasions. To say settlements are an obstacle to peace is not borne out by the facts."

Like many Israelis, Herzog has spent much of his life in uniform. He joined the British Army from Cambridge University. He fought in Normandy, saw the Bergen-Belsen concentration camp after its liberation and encountered the SS commander Heinrich Himmler before his suicide.

After World War Two and training for the English Bar, he became the first head of Israeli military intelligence and rose through various commands to the rank of major-general. Retiring from regular service he went into business, and for ten years was managing director of GUS Industries.

He rode into Jerusalem as the first military governor of the West Bank.

I asked him whether Israel's preoccupation with its own security had not left its leaders unable to

address the problems of peace.

"No. It's been somewhat miraculous here. We are an entire nation in the military and yet we are the least militant country that I know. Nobody likes it. Everybody sees it as a necessary evil, to guarantee our future. No more. There's no spit and polish. You don't see any plumes and medals here."

I thought of the dishevelled soldiers I had seen patrolling the Gaza Strip four years ago, of the tear-gas

who lose their cool completely?

"Why don't you ask the people that send their children out to fight? When a child threw a Molotov cocktail at a bus in Jericho a few years ago and a Jewish mother and her three children were burnt to death, she was no less dead because the bomb had been thrown by a child."

Tonight is not saying that everything is delightful. It's a difficult situation and unfortunate things happen. But

we have courts and the Arabs do go to the courts. And the courts on more than one occasion have called the Israel authorities to book."

(The president did not mention his controversial commuting of sentences on Israelis convicted of murdering Arabs.)

Outsiders find it difficult to reconcile the idealism of Israel's early pioneers with today's Right-wing expansionism. I asked Herzog whether he himself found modern Israel an unfamiliar place.

"We tend to idealise the past and to look back on it with nostalgia.

But the fact is, nobody ever dreamt that we would achieve what we have. I think with all the shortcomings - and I don't hesitate to talk about them - we have very much to be proud of."

Your supporters abroad complain that the world requires higher standards of Israel than of any other country.

"I've often said that myself, but the fact is we have a high standard and we ought to be proud of it and maintain it - and we do. As I say, the courts are open. There's a free press here. We've lived under this threat of terrorism all these years and we haven't hanged a single terrorist. Not one," Herzog recalled being provoked in the Council of Europe recently by a British Labour MP.

"I began to compare our behaviour towards the Palestinians with the British government's behaviour towards the IRA. And believe me, if he could blush, he did blush.

"I told him nobody of the IRA can appear on TV or radio in Britain. Here you can see an interview with Arafat and his people on the TV any night. And we certainly did not ambush unarmed people, including a woman, as they did in Gibraltar.

"So my advice to all those who criticise us is to look in their own back garden first."

Chairman Herzog's two-term tenure of the presidency expires soon. He says he will not go back into politics.

What ambitions do you have left?

"I wouldn't mind if I got a hole-in-

one playing golf. Seriously, I would like to continue what I do. I fly light planes, I play golf, I sail. Really, I would like to go back to what I was doing before, which is writing. I have so much to write."

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Despatches / Bogota

Battle to save the condor

THE MIGHTY Andean condor has inspired songs, stories and even worship for more than 2,000 years. Swooping, gliding and soaring over high plains and craggy peaks, it is a symbol of power that adorns national coats of arms. But the condor is an endangered species, fast disappearing from the northern Andes. None has been seen in Venezuela for several years, there are only 40 in Colombia and fewer than 100 in Ecuador.

Now, the world's biggest flighted bird is getting help from an unexpected source: the Bogota and Quito city water companies. Anxious to preserve what remains of the vegetation on Andean watersheds, they are teaming up with environmental organisations to protect the condor's haunts.

"There is a strong local commitment from the private and the public sectors to save one of the most important areas for bio-diversity in the world," says Gregory Miller, of the Nature Conservancy.

This US-based organisation has declared a 1.6m-acre "Condor bio-reserve" on the eastern Andes of Ecuador, and also supports Colombia's Chingaza Natural Park where nine condors raised in the San

Diego zoo in the US have been released. When the first five - all male - were taken to Chingaza, they could barely fly. Gradually, they increased their range to 50 kilometres or more, always returning to a feeding platform high above a water reservoir where dead animals are left for them. Four females were released a few months ago, and now all nine - still with the immature brown plumage which will eventually give way to black and white feathers - can be seen circling over the platform when hungry.

Friedemann Bester, a zoologist living on the outskirts of Quito, is looking after two young condors in his back garden. One was shot down and both had been badly treated in captivity before they were brought to him. "People are the threat for these birds," he says.

Andean condors have retreated to the heights, apparently to escape hunters. But the decimation of wild animals on the high plains has left them with little food. Experts agree that the giant vulture might now be driven to eating placenta and newborn calves, and that this has turned farmers against them. In 1990, seven condors were found

dead on Mount Antisana, east of Quito in the bio-reserve.

"One of the condors was sent to a laboratory for analysis and they found it had been poisoned - a dead bullock had been put out with rat poison in it. There was another similar case when five condors died," says Mauricio Guerrero, of the Ecuadorian Ornithological Corporation. "We began a campaign to save the condor, and the president declared it a national symbol."

Condor folklore is not as strong in the northern Andes as it is in Peru and Bolivia, where the bird is more common: one Peruvian ritual involves a fight between a condor (symbolising the Indian) and a bull (representing the Spaniard). The legend of the young shepherdess carried off by a condor to its cliff-top nest is common all through the Andes. In some versions, the girl turns into a condor; in others, she gives birth to a strange creature and returns home, shamed.

In one of the villages on the lower slopes of Antisana, there is now an ecological group called Friends of the Condor. Members have been helping with studies on the birds and they may in future work as guides for people visiting the bio-reserve.

The Antisana Foundation is preparing a management plan for the watershed there, with the support of the Nature Conservancy. "It includes the protection of natural areas, eco-tourism, community education, sustainable harvest activities - fisheries, wildlife and agroforestry - and research," Miller explains.

The water companies are also keen to find ways to combine conservation with other benefits: tourism is one, environmental education another. Buses full of students and schoolchildren visit Chingaza each week, and it is one of the few Colombian natural parks that generates income. But some economic

activities, such as sheep and cattle grazing, will have to be curtailed. The Bogota water company employees spend weeks each summer putting out fires started by farmers who want to extend the pasture available for their animals. "The condor is catching on as a symbol," said one blackened firefighter at Chingaza. "Maybe it will help people realise where their water comes from."